ThinkEquity LLC
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Industry Report

Think Media:

The Opportunity In Non-Premium Display Advertising

Reason for Report:
Industry Update

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THINK SUMMARY:
In our first report on the non-premium display marketplace, 18 months ago, we concluded that non-premium display would be the fastest-growing sector of the online media industry through 2011 and that new technologies, particularly behavioral targeting and ad exchanges, would transform the market (as well as the roles of certain market participants) and act to spur growth. While certain market segments have underperformed our initial expectations, we believe that non-premium display is likely to remain the highest-growth segment of online media over the next five years, with the greatest potential to create significant opportunities and market dislocations.

KEY POINTS:

Non-Premium Display Revisited

In September 2007, we published our initial report on the emerging market for non-premium online display advertising (sometimes referred to as "remnant," but more accurately described as display advertising purchased without specific guarantees as to placement). At that time, we concluded that non-premium sales would be the fastest-growing segment of the overall online advertising market from 2007 through 2011. We believed then (as we do now) that new technologies and business models (e.g., behavioral targeting and ad exchanges) would drive a rapid acceleration in the market for non-premium inventory and create opportunities for larger players (e.g., larger Internet media players intent on consolidating the market) and challenges for others (e.g., undifferentiated ad networks). Much has changed in both the non-premium segment and broader online advertising market in the 18 months since we published our initial report. This report is intended to bring investors up to speed with the current state of these markets and to update our thoughts on the future of "non-premium" online advertising.

Where We Were Wrong...

Certain segments of the market have developed more slowly than we initially anticipated—notably, behavioral targeting has met with significant regulatory challenges, concerns over sales channel conflict among some publishers have trumped the evolutionary shift toward increased sales automation and what some would term "commoditization" of publisher inventory, certain assets acquired in the 2007 online media M&A frenzy have languished, and ad exchanges are only gradually transforming the business of non-premium inventory aggregation. Additionally, we note that non-premium display has not proven immune to the current media recession, particularly in terms of pricing. And, in our view, it remains too early to tell how the dynamics of the premium display market could potentially affect the non-premium market during the current downcycle. Deep discounts on premium display products could, on the margin, slow the volume mix shift to non-premium; alternately, lower direct sell-through of premium display (implying increased sales through intermediaries) could serve to further catalyze the non-premium market by improving non-premium inventory quality, volume, and yield.

The Opportunity In Non-Premium Display Advertising

Markets, Data, And Choice Continue To Drive Growth And Innovation

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On the cover: Palais de la Bourse, Paris. Source: Getty Images

Where We Think We Were Right...
For the most part, our fundamental conclusions remain unchanged: 1) on a percentage basis, we expect non-premium display to be the highest-growth category in online media, through a combination of significant volume mix shift and pricing growth versus other media types, 2) online advertising exchanges should, in our view, eventually come to dominate the inventory aggregation function traditionally performed by online advertising networks, although some networks' proprietary inventory aggregation channels should remain relevant in niche and high-value market segments, 3) ad network and ad agency (and even publisher) business models should increasingly converge, 4) scale, technology, advertiser/publisher footprint, and proprietary data assets remain key competitive differentiators, and 5) the major Internet media companies (Google/Doubleclick, Yahoo!, Microsoft, and AOL/PlatformA) are likely to continue consolidating and capturing the overwhelming majority of the non-premium market.

Consolidation Has Slowed Adoption; Expect A Re-Acceleration In 2009-2010
From a company standpoint, Google has taken longer than we anticipated in rolling out the DoubleClick Advertising Exchange (AdX), although we expect a more-aggressive push during the second half of 2009 and continue to believe that Google and DoubleClick are best positioned to capture the largest share of the non-premium market given DoubleClick's leading ad serving footprint with large publishers and Google's vast distribution network among long tail publishers. According to our research, there are approximately one to two million sites within the Google content network. Yahoo! moved faster than we anticipated in pushing its entire Class II inventory onto the Right Media Exchange (RMX), although our research suggests that the quality of non-Yahoo! inventory in RMX remains relatively poor, from the perspective of brand-sensitive marketers. We continue to believe that Microsoft remains vulnerable on the exchange front, but the company recently completed its integration of aQuantive and Microsoft advertising assets in an effort to build out a large performance-based ad network. Given the $6 billion Microsoft initially invested in the aQuantive acquisition and hundreds of millions of dollars in post-acquisition integration efforts, we continue to believe (contrary to conventional wisdom) that Microsoft will eventually buy all of Yahoo!'s search *and* display assets. In our view, scale is as important in online display advertising as it is in search. Microsoft is investing significant resources (both human and financial capital) behind its display efforts. In order to generate an attractive return on those investments, we believe Microsoft will eventually conclude that it needs a larger owned-and-operated footprint and that the best way to gain that scale is to buy Yahoo!.

What's New?
Since our last report, we have observed a variety of market developments that we believe are worth noting:

- Exchanges are increasingly being used as inventory aggregation platforms with traditional horizontal ad networks (e.g., ValueClick, Advertising.com, Tribal Fusion, etc.) increasingly abdicating their supply-side aggregation role and acquiring media directly on the exchanges alongside "demand-driven" ad networks (Turn, Lucid Media, etc.) and "meta ad networks" (e.g., MediaMath, Varick Media Management, *X*+1, et al) that are focused on data, optimization, and arbitrage.
- Ad network optimization technologies/platforms (e.g., AdMeld, Pubmatic, Rubicon, etc.) are enabling publishers to cost efficiently outsource various ad operations functions and improve effective CPMs on non-premium inventory.
- An increased focus on concrete consumer intent (as indicated by search and online purchasing behavior) as the cornerstone of behavioral targeting strategies, versus strategies based on consumer Web browsing behavior. In the same vein, behaviorally targeted display advertising appears increasingly positioned as an alternative to paid search in the business of intent-based online marketing.
- The emergence of online data exchanges (e.g., BlueKai, Exelate, et al) focused on behavioral and social targeting, which we believe have the potential to democratize access to valuable consumer insights while providing needed transparency and price/value discovery for data derived from online consumer activity.
- Exacerbation of premium display "pain points" (e.g., media and audience fragmentation, cumbersome and expensive ad sales/operations processes) across the brand ecosystem.
- The advent of "demand-driven" ad networks (e.g., Brand.net, Collective Media, Undertone, Vivaki, et al) and "meta ad networks," described above, that are focused primarily on serving the needs of large brand marketers and global ad agencies. Through the use of new technologies, inventory acquisition channels, and business models, these firms seek to minimize the inefficiencies and conflicts of interest that have prevented brand marketers from

using traditional performance-based ad networks in the past, while alleviating some of the aforementioned pain points in the premium display market.

- An increased focus on quantifying the brand impact of online display advertising. Companies like Vizu are enabling marketers to analyze and optimize the brand lift associated with online advertising campaigns in real time. Other companies such as Nielsen, WPP's Dynamic Logic, comScore and Brand.net are beginning to offer marketers post-campaign studies measuring the impact of online brand campaigns on offline sales. In our view, these new analytical tools are enabling brand marketers to more confidently increase their use of non-premium display advertising and continuity/reach ad pacing strategies.
- A dramatic increase in the use of online advertising networks by premier publishers in the 2006-2007 timeframe was followed in 2008 by a greater awareness of potential sales channel conflict and concern that ad networks would lead to commoditization of publisher inventory and deterioration of premium display pricing. Despite these concerns and the public repudiation of the network sales model by publishers including ESPN.com, Forbes.com, and Martha Stewart Living Omnimedia, we believe that non-premium display advertising continues to gain market share from premium display.
- The evolution of secondary premium markets through automated reach extension technologies, better inventory forecasting and yield management tools, innovative inventory segmentation, etc. Companies whose products and services are supporting the creation of secondary premium markets include AdBidCentral (inventory forward exchange), Adify Media (vertical network/reach extension platform), Brand.net (inventory supply/demand forecasting enabling premium CPM to CPM arbitrage), ContextWeb (page-level contextual ad exchange), Collective Media's AMP (reach extension platform), ShortTail Media (co-op for remnant inventory among premium publishers), Microsoft's PROC (premium run of category) products, Yahoo!'s APT (reach extension and frequency amplification), and Yieldex (premium display inventory forecasting and yield optimization). According to our analysis, there is a potential incremental $15 billion market opportunity for secondary premium products globally over the next several years.
- Ad agencies are becoming increasingly competitive with ad networks, through the creation of "private" ad networks, integration with major ad exchange platforms, or the development of wholly new ad technology platforms built atop the DoubleClick and Right Media ad servers, etc. Examples of major agency initiatives include WPP's B3, Publicis' Vivaki, and Havas' Adnetik. Increasingly, ad agencies appear interested in creating the ability to aggregate premium and non-premium display inventory in order to perform inventory allocation decisions in real time on the buy side. As ad exchanges commoditize the inventory aggregation function of ad networks, networks increasingly appear positioned as specialist media buyers or meta ad networks, either in cooperation or competition with ad agencies.
- The major phase of industry consolidation related to the non-premium display market appears complete; ad servers were the primary targets in the 2007 M&A frenzy because of their adjacency to publishers and advertisers, offering acquirers the best opportunity to disintermediate other market participants. The pace of tuck-in acquisitions focused on unique technologies or process innovation could accelerate from here, in our view, due to depressed private-market valuation expectations and the relatively robust pace of ongoing innovation in the market. Scale/footprint-motivated M&A activity could still take place, albeit on a more-limited scale than the M&A activity of 2007, in specific market niches (e.g., vertical networks, mid-tail, international) to help shore up gaps in the respective footprints of market leaders/consolidators.
- Online media buying overall appears to be becoming more directly audience-centric, with relatively less emphasis on buying audience proxies, including sites and even content categories, to fulfill advertiser campaign objectives. While some online publishers might reject this notion, other well-known publishers appear to be embracing the trend to varying degrees through audience extension via publisher-branded vertical networks and behavioral retargeting strategies. Companies such as Adify, Collective Media (via its AMP platform), AudienceScience, Yahoo!'s APT, and others are powering this trend.
- Overall, we believe that recent and emerging technologies are increasing transparency in the market regarding both user data and inventory characteristics (including publisher site, adjacent content, placement location, etc.). Efforts by companies including comScore, Nielsen, Quantcast, Widgetbucks, and Vizu, are likely to further increase transparency in the measurement of online advertising effectiveness. Reactions by market participants to

these trends should have significant bearing on the future of the online advertising market in general, and non-premium display in particular. Possibilities include resistance on the part of publishers, which could serve to temporarily reinforce the status quo, or a further embrace of transparency, technology, and automation, which we believe would further catalyze the non-premium display market and online advertising in general.

- We have seen networks in emerging format categories such as social (e.g., Lotame, Media6°, Offerpal, RockYou, Widgetbox, etc.), mobile (e.g., Admob, Greystripe, etc.), and Video (Brightroll, Tremor, ScanScout, Videoegg, YuMe, etc.) reach a sufficient level of scale to attract meaningful ad budgets from marketers.

Revising Industry Estimates

We continue to expect non-premium display advertising to be the highest-growth segment of the online advertising market in coming years, based on superior fundamentals including inventory and pricing growth. However, our checks with industry participants indicate that non-premium display has not proven immune to macroeconomic shocks. We estimate that non-premium display advertising totaled $4.1 billion in 2008, up 32% versus 2007. According to our estimates, non-premium represented 18% of the display market in 2008, up from 14% in 2007. While we expect that non-premium display will continue to outgrow all other online advertising categories in 2009 including paid search (as it has every year since 2006), growth will slow significantly to 15% (versus an expected revenue decline of 15% for premium display), as non-premium inventory volume continues to benefit from the strength of long-tail and social media inventory, offset by moderate pricing declines (forecast at -3% Y/Y). We expect a strong recovery for the category in 2010, with growth of 26% to $6.0 billion. By the end of our forecast period in 2013, we expect non-premium display advertising to account for $11.4 billion in total revenue, representing 34% of total display ad revenue. For the 2008-2013 period, we expect non-premium display to grow at a 22% CAGR.

Exhibit 1.1: ThinkEquity Worldwide Online Advertising Market Forecast, 2007-2013E

	2007	2008	2009E	2010E	2011E	2012E	2013E	2008-2013E CAGR
Revenue ($B)								
Search Contextual	$19.9	$24.9	$25.8	$28.7	$33.1	$38.2	$43.5	**12%**
Display	21.7	23.0	20.8	23.4	27.0	30.2	33.3	**8%**
Premium Display	18.6	18.8	16.0	17.4	19.2	20.7	21.9	**3%**
Non-Premium Display	3.1	4.1	4.8	6.0	7.8	9.5	11.4	**22%**
Other	7.1	6.6	6.4	6.9	7.6	8.4	9.0	**6%**
Total	$48.7	$54.5	$53.0	$59.0	$67.6	$76.7	$85.8	**10%**
Revenue Growth (Y/Y)								
Search	39%	25%	4%	12%	15%	15%	14%	
Display	35%	6%	(10%)	12%	15%	12%	10%	
Premium Display	33%	1%	(15%)	8%	10%	8%	6%	
Non-Premium Display	45%	32%	15%	26%	30%	22%	20%	
Other	18%	(6%)	(3%)	8%	10%	10%	8%	
Total	33%	12%	(3%)	11%	15%	13%	12%	

Source: IAB, Zenith Optimedia, company reports, ThinkEquity LLC estimates

Chapter 1: Non-Premium Display Market Drivers

In the course of our second major review of the non-premium display market, we have concluded that the non-premium display market is likely to continue to outgrow all other major sectors of the online advertising market through 2013. We believe the non-premium marketplace is being catalyzed by 1) the varying inefficiencies and constraints of other online advertising categories, 2) the ongoing and arguably accelerating fragmentation of online media, 3) share gains by "non-premium" publishers, 4) the emergence of technological and process-oriented innovations focused squarely on the non-premium display opportunity, and 5) the focus of human and financial capital from key market participants on the space.

Other Online Advertising Categories Are Reaching "Natural" Limits To Growth

We broadly segment the online advertising market into four key categories: 1) search and contextual advertising, 2) premium display advertising (graphical display advertising sold on a guaranteed-delivery basis through a publisher's direct sales force, including rich media and broadband video), 3) non-premium display advertising (graphical display advertising sold without specific time-and-place guarantees), and 4) other (including e-mail, classifieds, lead generation, affiliate marketing, etc.). With the exception of non-premium display advertising, we believe that each category is reaching a "natural" limit to growth, due to inherent inefficiencies/externalities (premium display), rapid and successful penetration of their respective market opportunities (search, classifieds), inventory constraints (search, email, broadband video), and fully loaded media costs that in many cases (particularly for premium display) significantly exceed those of comparable offline media channels (television, magazines, etc.). In contrast, we believe non-premium display features superior efficiency, arguably fewer externalities, abundant supply, and represents an attractive functional substitute for other online advertising categories due to its ability to fulfill brand advertising objectives, direct response objectives, or both. (Of course, current apparent limits on the growth of other online advertising categories may be overcome in the future—for example, Google could improve its capabilities in "deep" Web search, which we believe would unlock significant incremental search inventory and ancillary monetization opportunities.)

Non-Premium Display Represents A Key Response To Online Media Fragmentation

The history of media is one of increasing user choice and audience/attention fragmentation over time, in our view. We believe online media is no different in this respect. Indeed, online media appears to represent a model of hyper-fragmentation due to the drastic reduction in barriers to market entry for publishers versus legacy media and the development of technologies (search, RSS, widgets), which empower users to self-assemble truly individualized experiences of the medium. In our view, non-premium display advertising represents an important response to online media fragmentation, allowing marketers to achieve traditional advertising objectives (e.g., significant cumulative audience reach) while also leveraging the unique advantages of online advertising (targeting and iterative optimization).

"Non-Premium" Publishers Are Gaining Market Share

Over the past three to five years, we believe the highest-growth segments of online media have included communication, social media, content sharing, and self-publishing. Although these content categories certainly offer opportunities for premium display advertising, we believe that the vast majority of this inventory is unsuitable for premium display, due to one or more of the following characteristics: 1) inventory is not obviously "contextual" and therefore does not appeal to any specific endemic advertiser category, 2) inventory offers too little control over content and brand environment for brand-sensitive marketers (i.e., although the vast majority of content may be brand-appropriate, marketers are deterred by the mere risk of adjacency to inappropriate content), or 3) the inventory is produced by sites that offer too little reach to be cost-effectively purchased once operational costs are factored in.

Ad Technology And Process Innovation Primarily Aimed At Non-Premium Opportunity

While innovation across the online media industry continues apace, we believe that the majority of technology and process innovation in the online advertising market is aimed primarily at the non-premium display market, and that the non-premium display market stands to benefit most from these new technologies and process innovations. Among these innovations, we believe the most noteworthy include advances in behavioral targeting, contextual targeting, "brand-response" advertising solutions, data exchanges, spot media exchanges, forward/futures media exchanges and salesforce automation platforms, specialist exchange media buyers, creative versioning/targeting/optimization technology, and inventory/yield/channel management.

Market Leaders Appear Focused On Non-Premium Opportunity
Over the past two years, significant M&A activity, investments, and other public announcements have signaled, in our view, the focus of a variety of important market participants on the non-premium display opportunity. This group of market participants includes large publishers (including Google, Yahoo!, MSN, AOL), advertising agency holding companies (Omnicom, WPP, Publicis, Interpublic, Havas, MDC Partners), advertising networks and other intermediaries (Adconion, CPX Interactive, Exponential, Specific Media, ValueClick, 24/7 Real Media, Traffic Marketplace, etc.), and assorted others (Akamai, Cox Communications, et al). While the pace of M&A has slowed significantly as many of the major scale/footprint-oriented assets have already been acquired, we believe attractive assets remain available and that the pace of smaller, tuck-in acquisitions could actually accelerate as market consolidators seek to add incremental capabilities (e.g., data marketplaces, optimization technology/expertise) or footprint (e.g., vertical, mid-tail, international). Post-acquisition actions indicate, in most cases, that the large publishers remain committed to open ad exchange platforms. Since acquiring Right Media, for instance, Yahoo! has put its entire “Class II” non-guaranteed inventory into the Right Media Exchange, and the company recently stated its longer-term goal of putting its entire “Class I” inventory into APT, as that platform evolves and ultimately enables advertisers to reserve guaranteed inventory in the future. We note, however, that the large publisher’s bets appear hedged as they simultaneously maintain or pursue proprietary access to third-party inventory and potentially conflicting principal roles.

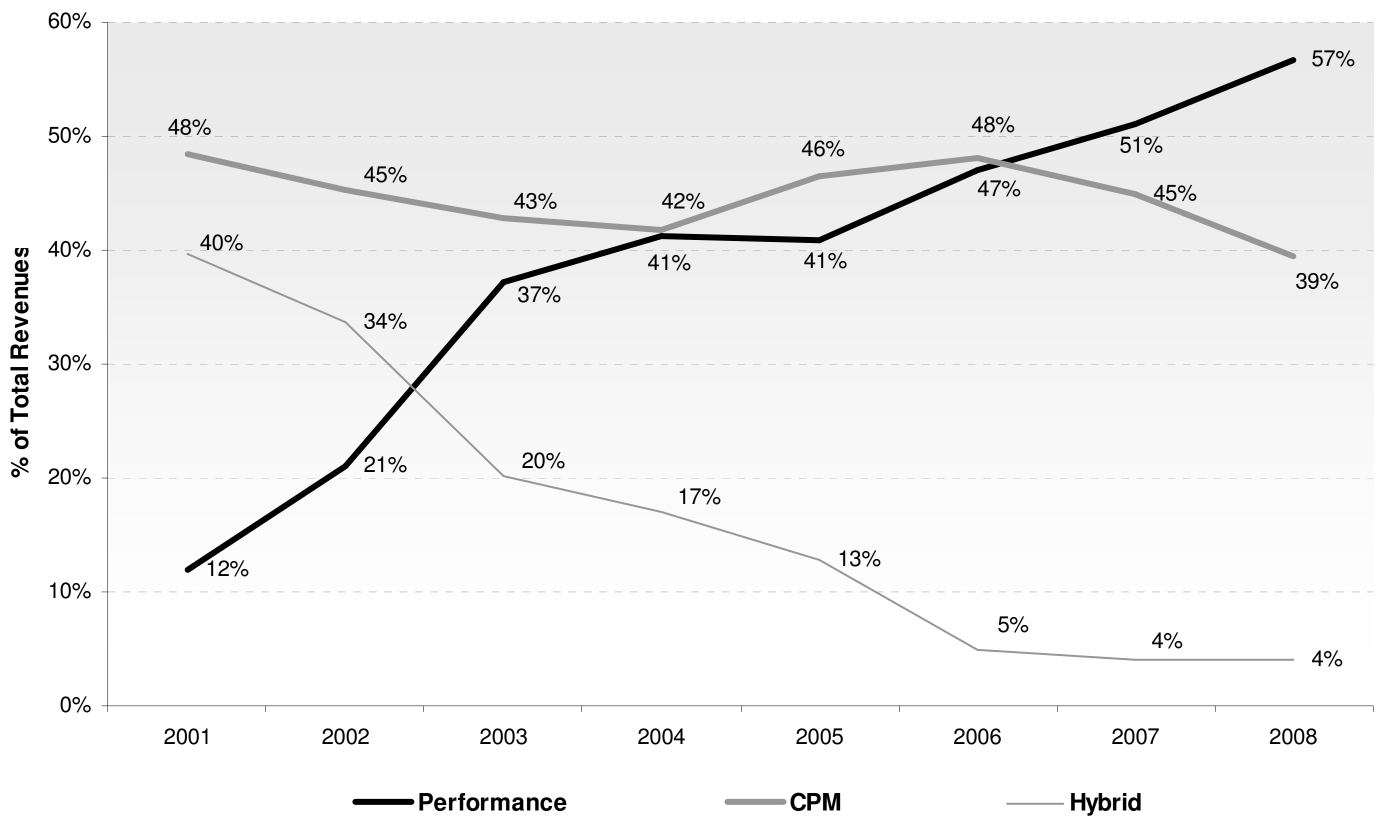
1.1 Market Context

While we believe that the non-premium display marketplace is characterized by superior fundamentals and opportunities for incremental growth, we acknowledge that this market segment does not exist in isolation. Indeed, it is our view that the non-premium display market has grown up in response to the inefficiencies and/or limitations of other online advertising categories, including premium display and paid search advertising, and that its outsized growth opportunities are related, in part, to those inefficiencies and limitations. As such, we believe it worthwhile to touch upon the limitations of those categories.

The Problems With Premium Display Advertising Today
We expect the current media recession to have a disproportionate negative impact on premium display advertising, where pricing remains relatively high, impact and effectiveness are comparatively difficult to demonstrate and measure, supply is relatively unconstrained, and lower-priced alternatives exist, in abundance (primarily in the form of non-premium display). However, it is our contention that the challenges facing the premium display marketplace were at work long before the current macroeconomic crisis.

In fact, the premium CPM advertising segment has been losing market share to performance-based advertising (typically via non-premium inventory) since 2001, with the share shift accelerating during the past three years. **Exhibit 1.2** details the percent of online advertising revenue in the U.S. bought on a CPM, performance, and hybrid basis over the past several years, and we believe the shift from CPM to direct response is dramatic.

Exhibit 1.2: Internet Advertising Revenues By Pricing Model, 2001-2008



Source: IAB and ThinkEquity LLC estimates

Among the long-standing challenges and pain points faced by the premium display category, we note the following:

- An antiquated and costly sales and ad operations process that involves multiple steps, multiple touch-points, offline communication (including both phone calls and faxes), and (often significant) reporting discrepancies between advertisers/agencies and publishers.
- Adding to the complexity of the medium is its hyper-fragmentation. In order for a media buyer to achieve comparable cumulative audience reach versus an average television advertising buy, the highly inefficient sales process noted above must be repeated multiple times with a variety of publishers.
- The problems of hyper-fragmentation of content across the Internet are magnified by an ever-increasing fragmentation of Internet ad formats, in our view. We believe an over-focus among market participants on non-standardized executions (integrations, expanding units, full screen takeovers, etc.) has prevented brand advertising from scaling on the Internet and left brand advertising under-indexed relative to media usage. Our research suggests, for instance that only 3-4% of brand advertising budgets have come online while Internet usage represents approximately 25-30% of consumer media time. By comparison, the direct response market, which has scaled more effectively on the Internet than the brand market, has seen approximately 15% of the market shift online, according to our analysis.
- From the publisher perspective, it is still extremely difficult to accurately forecast available advertising inventory, leading either to lost revenue opportunities or frustration among advertiser clients whose campaign objectives are not fulfilled when publishers under-deliver. According to our research, the standard deviation of the accuracy of publisher's inventory forecasts typically ranges from 25% to 50%. Companies like Yieldex are working to solve this problem.

- Inventory allocation decisions are generally made by publishers, not agencies or advertising networks, who are in possession of proprietary data that could improve inventory allocation decisions on behalf of clients. This dislocation, and lack of "meta-standards" between publishers and marketers/agencies results in an increasingly inefficient publisher-centric buying model, in our view.
- The hyper-fragmentation of the medium, given low barriers to market entry and the efficiency with which technologies like online search fragments consumer attention, has given rise to abundant low-cost alternatives to traditional premium display advertising products.
- According to our research, U.S. online publishers are receiving anywhere from 25% to 75% of their traffic from international unique visitors. Many of these publishers are mixing overseas impressions into U.S. media buys. This practice results in wasted impressions and underperforming campaigns, and is, as one industry participant put it, the "dirty little secret of Internet advertising." Companies like AdGent 007 are working to alleviate this problem.
- While standards exist for traditional graphical display advertising, newer formats including rich media and broadband video advertising utilize a variety of proprietary formats, which have arguably hindered the development of these potentially high-value subcategories of premium display.
- In addition to the dearth of industry standards for online ad formats outside of traditional display, there are limited standards/metrics for marketers to compare the efficacy of their online campaigns across other media.
- Broadband video could act as a significant catalyst for the premium display market over the longer term. However, we believe that broadband video advertising is likely to underperform the consensus expectations in the near term, due to a combination of inventory constraints, proliferation of proprietary ad formats, dominant share of user-generated/uploaded content as a proportion of total avails (and, conversely, limited cumulative audience reach of professionally-produced content), dominant share of short-form content as a proportion of total avails, legal challenges, revenue share complications (between content owner, host, and, potentially, syndicator/distributor), and the necessity for new rules-based ad serving technology that offers marketers brand protections similar to television advertising. We believe that solutions to many of these issues are in the works (e.g., Auditude's content fingerprinting technology and ad technology platform, FreeWheel's Monetization Rights Management suite, Extreme Reach, etc.), but buy-in could be delayed/disrupted by large video publishers (e.g., Google) who may have a vested interest in protecting their own potential revenue opportunities in the broadband video advertising and ad serving markets.
- Given the relatively limited amount of perceived "high-quality" video inventory and the extraordinarily high demand among advertisers, broadband video is also challenged by extremely high pricing relative to offline media. According to a study by Bain for the IAB, online video CPMs averaged approximately $43 in 2007. That compares to average television CPMs in the $10-20 range, according to our research. While broadband video ads are arguably far superior to those on broadcast/cable television due to their captive audience (no channel surfing, DVR use, etc.), our research suggests that there remains a perception among brand marketers that online video CPMs are inflated and that large marketers are hesitant to shift large portions of their television budgets to the Internet without more-closely comparable CPMs.

Many of the issues described above exist in legacy media as well. However, while legacy media ad operations have featured proprietary electronic data interchange (EDI) standards for some time (e.g., Donovan Data System's DARE) and are on the way to adopting open EDI standards (the Television Bureau of Advertising's ePost), comparable solutions for digital advertising were only unveiled in 2008. The Interactive Advertising Bureau and the American Association of Advertising Agencies recently announced that they had come to agreement on standardized basic business documents (e.g., RFPs, advertising proposals, insertion orders) and the design of a solution for exchanging impression data between buyers and sellers to more easily resolve discrepancies. While this represents a step forward, the matter of EDI standards and adoption is unlikely to be resolved in the near term, in our view. The challenge of conducting premium display ad operations without the benefit of EDI is made worse by the greater fragmentation of the online medium versus television, where national advertising is made relatively straightforward due to the relatively small number of broadcast and cable networks. Even the complications involved in managing local spot TV buys (which may involve managing a buy across tens or hundreds of local affiliates and MSOs) can pale versus managing premium online display campaigns due to the greater complexities of post-buy analysis online. Due to these various inefficiencies and technology/process limitations, it has become extremely expensive for marketers to execute online advertising campaigns. According to a recent study

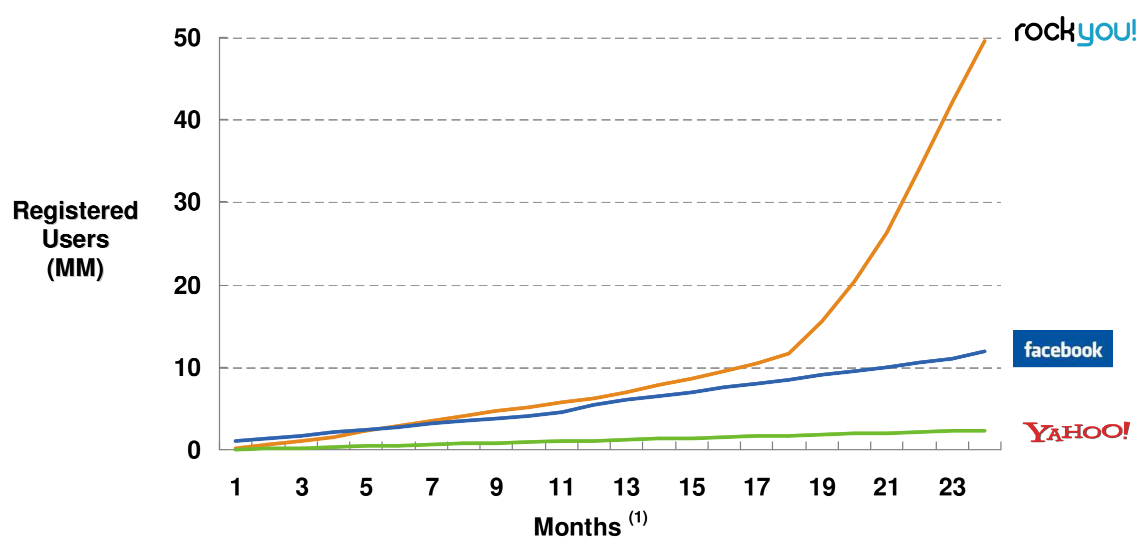
conducted by Publicis/Denuo, for instance, the cost of executing online campaigns (excluding creative) represented approximately 15-20% of the media spend on average, compared to offline execution costs on the order of 2-3% of media spend.

It became clear in 2008, in our view, that some publishers would choose to curtail or avoid non-premium sales entirely, in an attempt to turn back the rising tide of lower-cost non-premium alternatives. However, we believe that the fundamental difficulties of premium advertising sales online and the extremely rapid expansion of social media and long-tail advertising inventory make it unlikely that “premium” online publishers will be able to thwart non-premium share gains over the longer term. Indeed, some vertical publishers, while resisting monetization of their own inventory through non-premium sales channels, are adopting audience extension strategies (e.g., vertical networks for reach extension and user retargeting for frequency amplification) that leverage the mechanics and business model of non-premium display. Going forward, we expect that an increasing proportion of premium inventory sales of standardized display ad formats will migrate toward a hybrid “secondary premium” market—we discuss this possibility in greater detail in Chapter 2—that combines elements of both the premium and non-premium business models. We expect this hybrid ad sales model to combine the consultative direct sales and delivery guarantees (in aggregate) characteristic of premium display with increased use of user data, targeting technology, co-selling and third-party sales arrangements, and inventory bundling across various publisher consortia. In our view, this emerging hybrid model affirms the value of high-quality content adjacency and consultative direct sales but also acknowledges the potential contribution of technology and the increasing importance of “audience-centric” media buying.

1.2 Inventory Fragmentation

As we have already noted, we believe that online media fragmentation has increased and arguably accelerated over time. There are a variety of ways to measure and express this fragmentation: total registered and active domains online, the generally lower proportion of online traffic directed to the largest sites (although this trend has reversed as previously small social networking and user-generated content platforms have attained leadership roles in online media), the proliferation of blogs, widgets, and other novel content formats, etc. We will discuss these themes in greater detail in Chapter 2. However, we believe the historical user growth trends illustrated in **Exhibit 1.3** are instructive.

Exhibit 1.3: Months To Reach 50M Registered Users



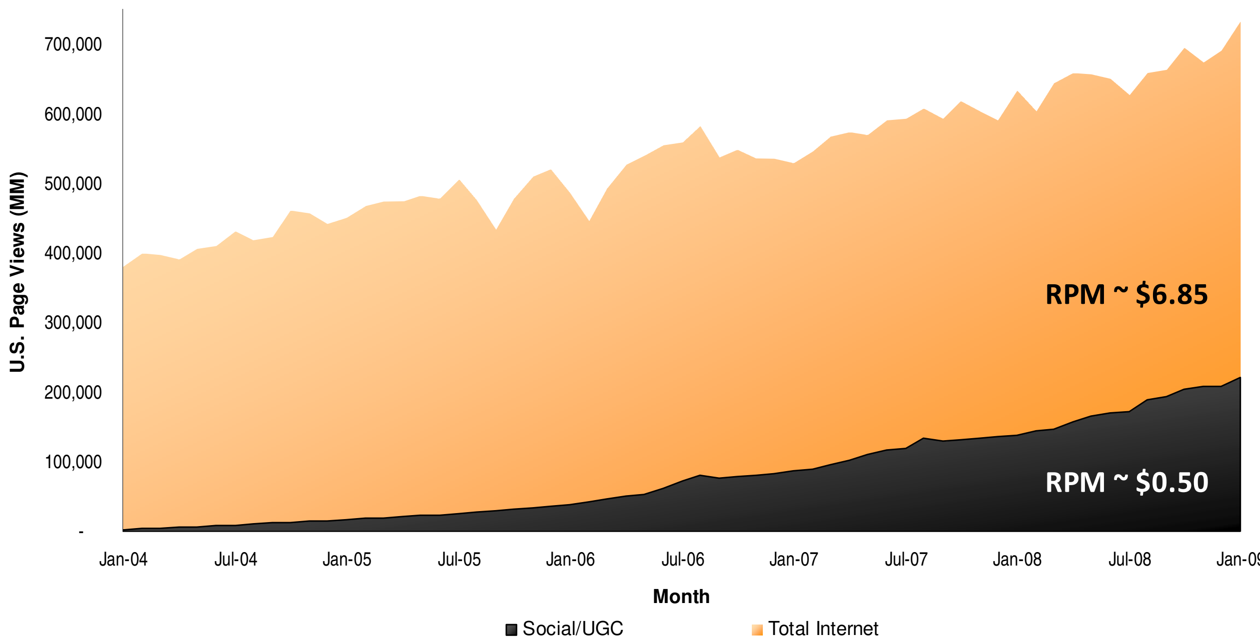
Source: RockYou, Facebook, Yahoo!, and ThinkEquity LLC
Note (1): Yahoo! starts 1Q95, Facebook starts 4Q04, and RockYou starts 4Q05.

As illustrated in **Exhibit 1.3**, we believe that the evolving nature of online content and related technology allows the possibility of higher, more-viral levels of growth among leading publishers over comparable durations. We note that 1) the data depicted has not been adjusted for relative penetration of the total online audience during each respective timeframe

and 2) absolute user levels don't always translate into equivalent monetization opportunities. Social media sites like Facebook and application providers like RockYou, for instance, monetize at significantly lower revenue per user levels (RPU) than Yahoo!.

We also consider the types of sites and associated inventory that have benefited the most from online media fragmentation in recent years. In our view, the winners over the past two years (in terms of growth in consumer audience, page views, and minutes spent) have been the social media, user-generated content, self-publishing, communication, and entertainment categories. **Exhibit 1.4** highlights the growth in U.S. social media and user-generated content page views as a percent of total page views over the past few years.

Exhibit 1.4: U.S. Social Media And User-Generated Page Views January 2004-January 2009



Source: Hitwise, comScore, eMarketer, and ThinkEquity LLC estimates

Since 2004, social media and user-generated content page views in the U.S. have grown at a compound annual growth rate of 94%, according to our research, compared to total Internet page views that grew at an annual rate of 4% over the same time period. As a result, social media's market share of U.S. Internet page views was approximately 40% in 2008, up from roughly 2% in 2004. Furthermore, according to our analysis, social/UGC page views generated an average RPM of around $0.50, or approximately 7% of the $6.85 average RPM for the rest of the Internet.

While some sites within these categories have fared very well with audiences, we believe their share of online advertising budgets and relative monetization has lagged, due to a combination of factors including:

- High degree of fragmentation within the Web sites and platforms themselves,
- Perceived and/or real lack of content control and associated concerns over brand safety,
- Difficulty in determining context of content (some content may not be contextual in any traditional sense) in order to facilitate sales to endemic advertiser categories,
- A sudden glut of largely undifferentiated inventory has held back weighted average yield among new high-growth sites in these categories (while also acting to depress premium display pricing among more-traditional Web 1.0 publishers), and

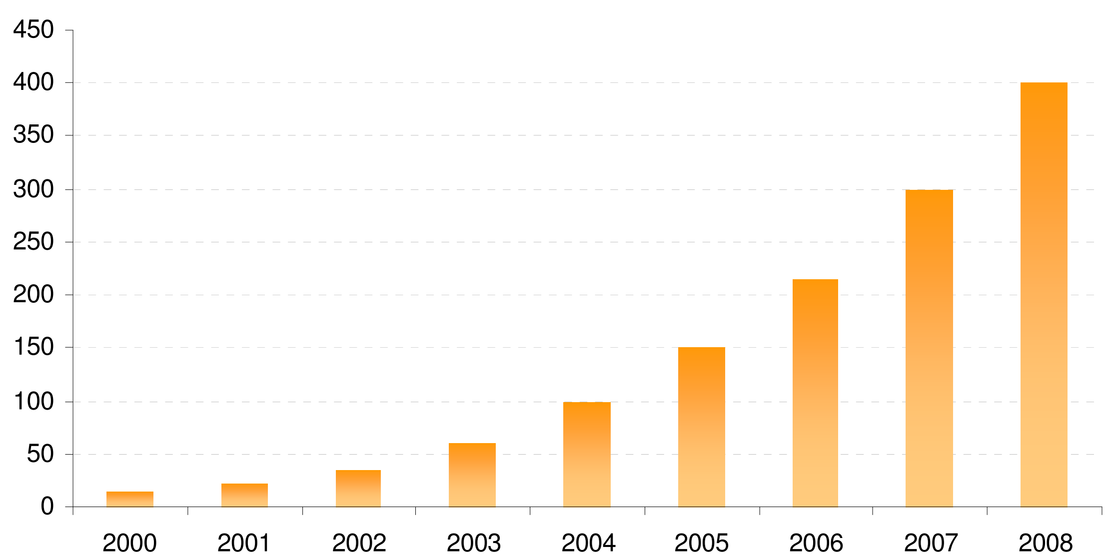
- Comparatively low observed levels of engagement with advertising due to high page view per user/session ratios and distracting nature of content (e.g., photo browsing, instant messaging).

For many of these same reasons, sites within these new content categories have relied primarily on non-premium display and pay-per-click text links as primary monetization mechanisms for the vast majority of their inventory. If sold on a first-party run-of-site basis, the inventory might be sold on a pay-for-performance basis (cost-per-action, CPA, or cost-per-click, CPC, pricing) or on a flat cost-per-millennium (CPM) basis. If monetized via a third-party intermediary (an advertising exchange and/or advertising network), the inventory would likely be sold on a flat CPM basis to a buyer utilizing a performance-oriented CPA-to-CPM arbitrage strategy.

The rapid growth of sites in these next-generation content categories has also had an important impact on the monetization strategy of Web 1.0 portals and vertical content sites. Prior to the extremely rapid expansion of next-generation social networks and related content platforms, Web 1.0 publishers had enjoyed steady inventory growth and relative pricing strength. We believe the emergence of a glut of lower-priced inventory, with inferior performance/engagement characteristics offset by far-lower price points, placed pressure on the pricing strength of leading Web 1.0 destinations. We also believe that lower pricing on premium display products heightened pressure to increase sell-through rates in the 2006-2008 timeframe and led, in turn, to increased reliance on sales intermediaries (primarily horizontal advertising networks) to drive increased sell-through. According to a study conducted by Bain for the Internet Advertising Bureau, premium publishers increased the percent of impressions sold through third-party networks from less than 5% on average during 2006 to 30% during 2007. Sell-out rates on the same group of publishers increased from 52% in 2006 to 70% in 2008. It could be argued, in our view, and the Bain study suggests, that the drive to increase sell-through by opening more inventory to sales intermediaries only increased (and potentially accelerated, due to sales channel conflict) the deterioration of premium display pricing strength during 2007-2008.

While advertising networks and other sales intermediaries have been clear beneficiaries of increased media fragmentation and its consequences, the ad network market itself became much more fragmented due, again, to low barriers to entry (at the most basic level, all that is needed is a sales organization, a small trafficking/ad operations staff, and an ad serving technology) and the relative supply glut in the non-premium display market. **Exhibit 1.5** illustrates the growth in the number of advertising networks worldwide from 2000 to 2008.

Exhibit 1.5: Total Number Of Ad Networks, 2000-2008



Source: Rubicon Project and ThinkEquity LLC estimates

1.3: Technology And Process Innovation

Relative to other sectors of the online advertising market, we believe that non-premium display advertising represents the primary focus of technology and process-oriented innovation among both market leaders/incumbents and venture-backed startups. We highlight the following areas of innovation as significant potential catalysts for non-premium display market growth over the next three to five years:

- Behavioral targeting
- Advanced contextual targeting
- Next-generation campaign optimization against "brand-response" metrics
- Real-time brand lift metrics and optimization
- Broader performance measures, including engagement mapping
- Data exchanges
    - Behavioral
    - Social
- Inventory aggregation
    - Non-premium spot exchanges
    - "Quasi-premium" forward/futures exchanges
    - Salesforce automation platforms
- Yield management
    - Inventory/channel management
    - Ad network optimization platforms
- Exchange-oriented specialist buyers
- Creative services/optimization
    - Self-service ad creation
    - Versioning/targeting/optimization
- Video monetization platforms

Behavioral Targeting

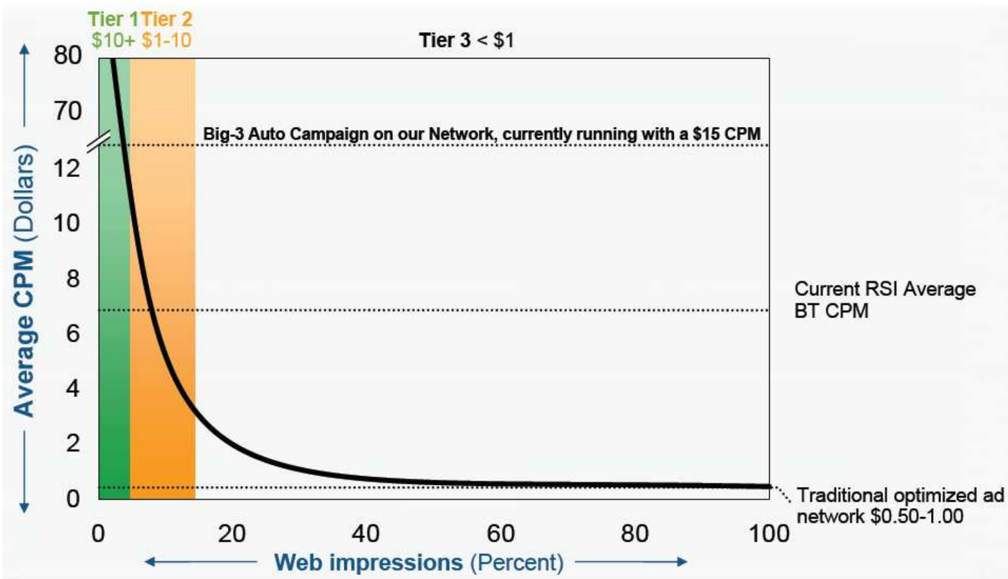
Behavioral targeting describes a set of audience segmentation techniques used by Internet publishers, advertising networks, and specialized technology providers to leverage consumer behavioral data to improve the monetization/performance of online advertising inventory. Typically, potentially valuable expressed user behaviors—e.g., browsing in high-value content categories, visiting a marketer Web site, completing (or abandoning) an online retail transaction—are collected and recorded through the use of either first-party or third-party HTTP cookies in coordination with a targeting pixel. A publisher or third party serves the targeting pixel to the end-user's computer and, in the process, drops a cookie. Behavioral data can also be collected via client software or from the clickstream at the ISP level. If the cookie is later recognized by the party that installed it, and assuming that party has the opportunity to serve advertising to the user, that party may serve the user an advertisement which is relevant to the previously recorded behavior. Behavioral advertising networks may set targeting pixels on the sites of their marketer clients in order to target prior customers or prospects, a practice typically referred to as retargeting. Alternately, a network may set cookies on a wide variety of publisher sites, in exchange for a fee, in order to create behavioral profiles of consumers which can be used at a later time to serve targeted advertisements on behalf of marketer clients.

Leading pure-play practitioners of behavioral targeting include advertising networks Audience Science (formerly known as Revenue Science), Tacoda (now a part of AOL's Platform A), and Blue Lithium (now a part of Yahoo!), although a variety of non-pure plays possess comparable targeting capabilities (e.g., Platform A's Advertising.com, ValueClick Media, Specific Media, Turn, et al). However, we believe that the largest behavioral advertising business worldwide is maintained by Yahoo!, which we believe has long used behavioral audience insights (derived from search and browsing activity conducted within the Yahoo! network of sites) to improve yield on its own Class II (i.e., non-guaranteed/non-premium) online advertising inventory.

While behavioral advertising has long been considered a viable approach to improving online ad inventory performance and yield, our research suggests that total online advertising revenue derived from behaviorally targeted advertising was in the $500-750 million range during 2008, representing just 3-4% of the total online display advertising market

(encompassing both premium and non-premium). We believe that a number of factors have contributed to the underperformance of the behavioral advertising category. Notably, while behavioral advertising has generally succeeded in improving yield (see **Exhibit 1.6**) as well as marketer ROI, we believe behavioral has been stunted by meager sell-through/fill rates.

Exhibit 1.6: Behavioral Targeting Yield Improvement Opportunity



Source: Audience Science, January 2008

Low fill rates are, in our view, likely a consequence of relatively low cumulative audience reach per behavioral segment as well as a fairly limited view of the totality of consumer behavior, particularly with respect to high-value transactional data, which has traditionally been off limits to behavioral targeting networks for general use.

Advanced Contextual Targeting

The most basic form of contextual targeting is the segmentation of sites or site content sections into content "channels." However, we believe this largely manual approach has some significant drawbacks. Notably, manual segmentation ignores the issues of "non-endemic" pages within "endemic" sites, and "endemic" content within "non-endemic" sites. Advanced contextual targeting technologies have the ability to make these determinations and improve contextual placement control, even in the case of dynamically generated content. We believe advanced contextual targeting approaches may eventually also become relevant to behavioral targeting techniques by allowing for the creation of behavioral profiles based on a more-detailed view of page-level context and associated consumer behavior. Leading innovators in this category include ContextWeb (a contextually targeted futures display advertising marketplace), LucidMedia (a contextual technology platform and advertising network), Peer 39 (a semantic advertising technology), and NetSeer (an early-stage startup focused on "concept-based" advertising).

Social Targeting

We believe social targeting strategies also have a role to play in monetizing social network inventory and embedded social graph data, in two primary ways. First, social networks may serve as valuable repositories for self-reported user demographic data that may be used to target advertising within the social network itself or elsewhere on the Internet. Second, social network connections and interactions are also likely to play a role in ad targeting strategies premised on the view that "birds of feather flock together." That is, users' behavior may be relevant to the targeting of advertisements to adjacent network users (network neighbors). A number of market participants appear focused on this opportunity, including Lotame, Media6°, Lookery, and Social Media, among others. We note that major publishers (Google and Yahoo!, via OpenID) and large social networks (Facebook, via Facebook Connect, and MySpace, via Open ID) also appear well positioned to capitalize on this opportunity, in our opinion.

Brand Performance (aka "Brand Response")
Historically, we believe there have been a number of reasons why non-premium display advertising (with the exception of the inventory aggregated by site representation firms and vertical ad networks) has primarily been the domain of performance-oriented advertisers. Beyond content adjacency and advertiser control is the issue of performance measurability in the context of bulk advertising buys spread among a large number of publishers and vast amounts of ad inventory of varying quality. Ignoring other variables (ad targeting and creative quality, among many others), user engagement can vary to a high degree based on placement characteristics, e.g., nature of user activity, context, above-the-fold versus below-the-fold placement, the ordinal number of a page view within a user session, etc. Given these potential variations in user engagement based on placement quality, paying on a performance basis, either explicitly (via CPA pricing) or implicitly (utilizing flat CPM pricing managed to a CPA target), is a rational response, in our view.

However, this response may be of limited value to brand advertisers, where campaign objectives are not likely to be proximately transactional (e.g., building awareness versus making a sale online) and the vast majority of transactions still occur offline. Brand advertisers may associate discrete value with certain user actions (e.g., site visits or interaction with rich media creative), so click-through rate (CTR) and rich media interaction rates will likely remain relevant metrics for brand advertising online. However, the value of brand advertising online (typically premium display advertising) is usually determined through retrospective post-buy analysis involving brand surveys of consumers exposed to an online advertising campaign as well as a control group. We believe that increased use of non-premium advertising by brand advertisers will, to at least some extent, depend on improvements to the process of post-buy analysis and efforts to conduct analysis iteratively in near-real time. We believe that current limitations of brand performance analysis of online advertising constrain the ad pacing choices of online brand advertisers, prioritizing flighting/frequency over continuity/reach. We believe that non-premium display is a more-appropriate vehicle for continuity/reach strategies. Therefore, with improvements in brand performance measurement, continuity/reach strategies and consequent media tactics (tending toward increased use of non-premium display) should become more prominent, in our view.

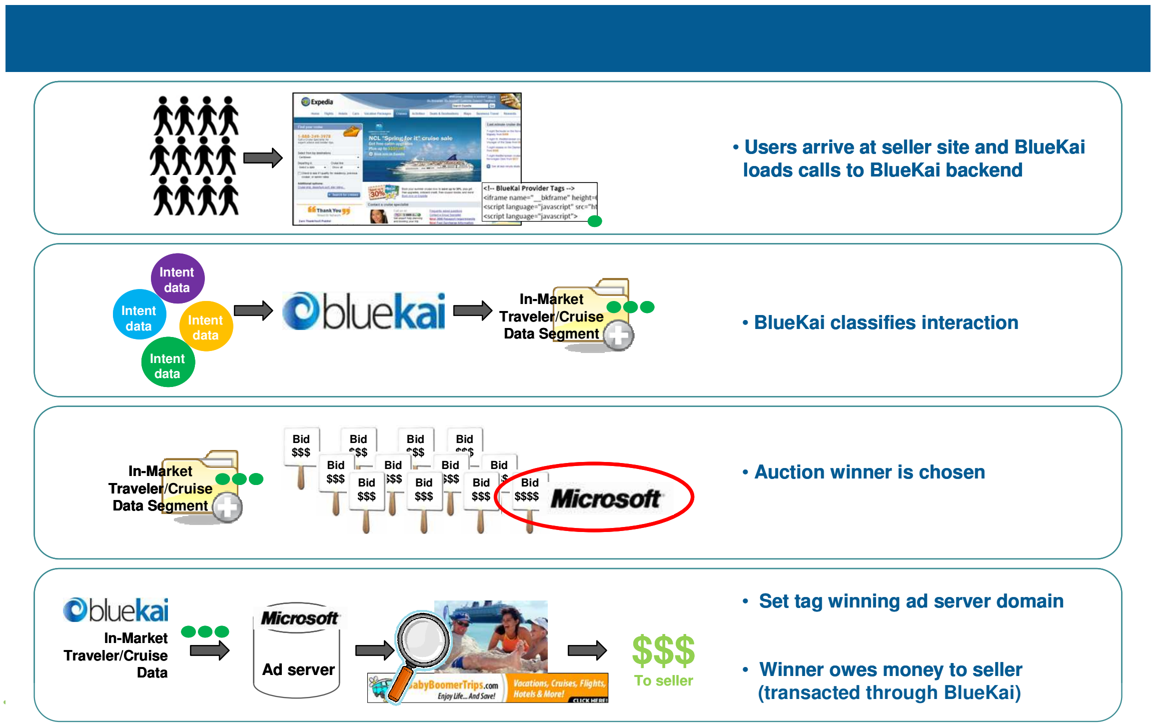
We believe a variety of market participants (e.g., Nielsen, comScore, Microsoft/Atlas, Yahoo!, WPP, Vizu, Undertone Networks, Brand.net, et al) are focused on improving measurement of brand advertising performance online, and on taking a more-holistic view of all online advertising performance beyond the "last click" (e.g., engagement mapping).

Behavioral And Social Data Exchanges
While we believe that audience targeting techniques are likely to improve non-premium display performance and yield over time, important questions remain as to how to unlock incremental consumer insights (which are proprietary by definition and closely guarded in many cases) and clarify a number of important questions regarding who will leverage the data, how it will be used, exclusivity/non-exclusivity of access, and pricing/monetization mechanism. While it is still early, we believe behavioral data exchanges (e.g., BlueKai and eXelate) and social data targeting exchanges (e.g., Lookery) should prove important in:

- Democratizing (and possibly commoditizing) access to behavioral and social user data,
- Creating transparent, non-contingent (i.e., non-performance based) pricing models for consumer insights—we note that non-contingent pricing more closely resembles the well-established market for offline marketing list data,
- Creating a mechanism for price/value discovery in the behavioral data market,
- Creating clarity in the market around the distinct value contributions of data and advertising inventory, respectively,
- Establishing market norms for data usage rights, exclusivity, etc.,
- Creating controls that allow data providers to whitelist/blacklist potential buyers (e.g., e-commerce sites could whitelist channel partners and blacklist competitors), and
- Incenting e-commerce sites and other holders of valuable consumer insight to monetize their proprietary data, through non-contingent, transparent pricing and various controls/protections.

As an illustration of the data exchange model, **Exhibit 1.7** details the key features of the BlueKai data exchange.

Exhibit 1.7: BlueKai Targeting Exchange Model



Source: BlueKai

Inventory Aggregation

We view non-premium/spot display advertising exchanges (e.g., Right Media Exchange, DoubleClick Advertising Exchange, OpenX Market, etc.) and quasi/secondary-premium forward/futures advertising exchanges (Yahoo! APT, ContextWeb, Traffiq, AdBidCentral, and potentially the DoubleClick Advertising Exchange in future iterations) primarily as innovations with respect to inventory aggregation.

Historically, the inventory aggregation function in the non-premium display market was performed by sales intermediaries. However, fragmentation in the online ad network market has resulted in an increasingly complex yield management challenge for online publishers. Traditional non-premium display yield management approaches may be inefficient, labor-intensive, and sub-optimal from the perspective of yield maximization; they also have the effect of reinforcing the competitive status quo in the ad network market and retarding innovation. We believe that spot display advertising exchanges eliminate these inefficiencies while also democratizing access to non-premium inventory, catalyzing the growth of new market participants, increasing competition for inventory, and allowing marketers or agencies to participate directly in the market.

Forward/futures advertising markets are currently in an early stage of development, but we believe that these platforms could improve the efficiency of premium display advertising and possibly begin to move premium display inventory allocation decisions out of the hands of online publishers and into the hands of advertising agencies (who we believe are likely in a better position to make superior inventory allocation decisions on behalf of clients).

Yield Management

Yield optimization platforms represent an alternative approach (versus spot/non-premium display advertising exchanges) to addressing the complexities and inefficiencies of non-premium display yield management. While advertising exchanges create open auctions for individual units of advertising inventory, yield optimization platforms improve upon traditional yield management approaches (i.e., the ad network daisy chain) by moving from static prioritization of ad networks to dynamic prioritization based on performance and targeting criteria. While yield optimization platforms appear to offer superior performance versus traditional yield management processes, we believe that yield optimization platforms represent a

transitional response to the current condition of the market. Ultimately, we believe that these platforms are likely to become more like spot advertising exchanges by giving marketers, agencies, and ad networks control over inventory allocation decisions.

This is not, however, a commentary on the potential prospects of the firms that operate these platforms. While we believe that open markets should produce superior revenue performance for publishers over time, the reality today is that many significant buyers and demand aggregators in the non-premium display market have not yet fully adopted advertising exchanges, and these markets may face liquidity constraints and other challenges as adoption and buyer/seller expertise ramp. As publishers continue working directly with advertising networks, improvements to non-premium yield management remain highly relevant, and leading yield optimization platforms (Rubicon Project, Pubmatic, AdMeld) have witnessed rapid adoption. As such, we believe yield optimization platforms could gradually move toward exchange models while serving the needs of publishers in the interim. Of note, Pubmatic recently announced the official launch of its API that will reportedly provide participating advertising networks with additional campaign control.

Exchange-Oriented Specialist Buyers And Management Tools

Following on the growth of online advertising exchanges has been the development of exchange-oriented specialist buyers and associated management tools. While we believe that advertising agencies and traditional advertising networks will increasingly utilize online advertising exchanges for inventory procurement, we note that specialist media buyers focused on the exchange opportunity have begun to emerge (e.g., Invite Media, MediaMath, Varick Media Management), providing media management services and/or tools to advertising agencies and marketers. Additionally, we believe that many traditional ad networks and marketplaces (e.g., Turn, Specific Media, etc.) are increasingly oriented toward exchange-based media buying, in some cases purchasing as much as 50% of total utilized advertising impressions from advertising exchanges.

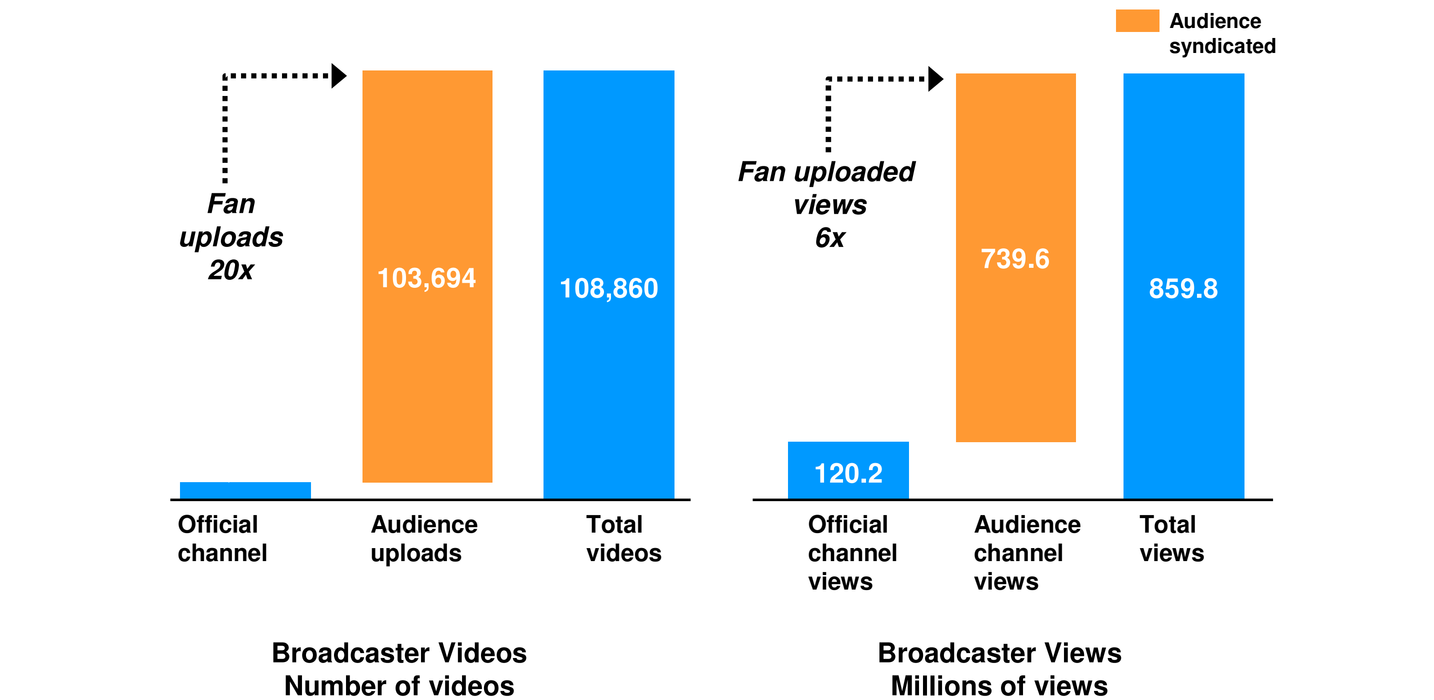
Creative Services And Dynamic Ad Optimization

While not exclusively focused on the non-premium display market, we believe creative services automation, including self-service ad creation tools and creative targeting and optimization technology should help to catalyze all segments of the display advertising market. Self-service creative tools (AdReady, Google) should help to catalyze utilization of non-premium display by the SMB and local markets. Firms such as Tumri, Mpire, and ChoiceStream are developing technologies to personalize and target online advertising creative based on audience segmentation and personalization techniques. We believe that Mpire's AdXpose technology could also be used to deliver advertisers greater transparency regarding placement quality (both in terms of position on the page and site/content), which could be utilized to provide advertisers with more-robust brand protections and improved performance and compliance when buying media without total control, particularly on ad networks and exchanges, and even when dealing directly with online publishers.

Video Monetization Platforms

We view new video monetization platforms (e.g., Auditude, FreeWheel, Extreme Reach, et al) as important catalysts for both the premium and non-premium display advertising markets. So far, monetization of broadband video has suffered from a variety of challenges including inventory constraints, proliferation of proprietary formats, dominant share of user-generated content, and confusion with respect to sales and royalty rights. These dislocations have hampered the growth of both premium broadband video ad sales and non-premium via network intermediaries. The new video monetization platforms are bringing the business rules of television media to online video ad serving, which we believe should help alleviate the challenge of monetizing proprietary content across a highly distributed medium. However, this only appears to be part of the solution. Another major issue is that professionally uploaded content only accounts for a relatively small proportion of total streams of all professional content online; audience syndication accounts for the rest. **Exhibit 1.8** illustrates this dynamic.

Exhibit 1.8: Professional Versus Audience Syndication Of Broadband Video For Major Broadcasters



Source: Auditude

As illustrated in **Exhibit 1.8**, user syndication of professional content can account for as much as 95% of all professional content uploads and as much as 86% of all professional content streams. As such, monetization rights management is only one part of the puzzle. For the broadband video advertising market to flourish, content fingerprinting at scale (and across all major syndication points) will likely be necessary. We believe that Auditude is one of the leaders in this space.

We expect new video monetization platforms and ubiquitous content fingerprinting technology to catalyze the broadband video opportunity by opening up new sources of ad inventory adjacent to professionally produced content. With that being said, the split of the broadband video opportunity between premium and non-premium monetization is hard to predict. We expect broadband video to remain substantially less fragmented than other display advertising categories as content syndication will likely remain more centralized (Hulu's recent actions to pull back on content syndication are an early indication of what we expect to become a significant trend) than other forms of online content, and ad sales operations for this market segment should be considerably more efficient as a consequence. However, inventory prediction and management could still remain challenged, and third parties arguably have contributions to make via proprietary data, targeting, and optimization technologies. As such, we believe that new broadband video monetization technologies could very well act as a catalyst for the premium and non-premium display markets.

1.4 Focus Of Market Leaders

Significant M&A activity, investments, and other public announcements in recent years (particularly since early 2007) have signaled the focus of a variety of important market participants, including major publishers, advertising agencies/holding companies, and leading advertising networks, on the non-premium display opportunity. In **Exhibit 1.9**, we present a timeline of major mergers and acquisitions, strategic investments and product/strategy announcements which have affected the non-premium display advertising market, from 2007 to the present.

Exhibit 1.9: Timeline Of Major Non-Premium Industry Events, 2007-Present

Date	Event	Notes
April 2007	Yahoo! acquires Right Media for $680 million	Non-premium display advertising exchange; $850 million implied valuation
April 2007	Lagardere acquires Jumpstart for $110 million	Vertical advertising network
April 2007	Google acquires DoubleClick for $3.1 billion	Third-party ad server and display ad exchange; assets also included affiliate marketing and SEM; SEM has since been divested
May 2007	Microsoft acquires aQuantive for $5.9 billion	Digital holding company (ad agencies, third-party ad server, online ad network)
May 2007	WPP acquires 24/7 Real Media for $650 million	Digital holding company (publisher ad server, online ad network/site rep, SEM)
May 2007	Gorilla Nation receives $50 million investment from Great Hill Partners	Site representation firm
May 2007	AOL acquires ADTECH AG	First- and third-party ad serving, primarily operating in Europe
May 2007	AOL acquires Third Screen Media	Mobile advertising network
July 2007	AOL acquires Tacoda for $275 million	Behavioral targeting advertising network
July 2007	Microsoft acquires AdECN	Online advertising exchange, which allows ad networks to trade ad inventory
September 2007	Nokia acquires Enpocket	Mobile advertising network
September 2007	Yahoo! acquires BlueLithium for $300 million	Behavioral targeting advertising network
October 2007	Microsoft acquires $250 million stake in Facebook	Online social network; Microsoft's investment values Facebook at $15 billion
November 2007	AOL acquires Quigo	Text-link advertising network
November 2007	Specific Media receives $100 million investment from Francisco Partners	Behavioral targeting advertising network
April 2008	Cox Enterprises acquires Adify for reported $300 million plus earnout	Technology platform and associated services for vertical ad networks
May 2008	WPP and Right Media announce partnership to build proprietary media trading platform	
June 2008	Publicis VivaKi announces Audience on Demand Network	Advertising network built atop DoubleClick technology, aggregating inventory sourced from Google, Yahoo!, Microsoft, and AOL
June 2008	Havas and Right Media announce partnership to build proprietary media trading platform	
October 2008	Akamai acquires Acerno for $95 million	Behavioral targeting advertising network

Source: Company reports

In general, we view the entrance into the non-premium display market by leading online publishers and media agencies as a rational response to declining growth in their core markets and the relatively high growth and attractive margin profiles of non-premium sales intermediaries. While the set of motivations driving these market participants is certainly more complex, we believe it is worthwhile to offer some impressions of their potential strategic direction based on our recent conversations with industry sources.

Media Agencies

- We believe that media agencies within each of the major North American and European holding companies are either actively using or testing multiple online advertising exchange platforms.
- Fundamental strategy with respect to advertising exchanges seems split roughly along geographic lines: European holding companies appear to view advertising exchanges as potential opportunities for media arbitrage, whereas North American holding companies appear to view advertising exchanges as a new arena in which to build best-of-breed capabilities to drive client wins/retention.
- Media agencies appear interested in driving increased operational efficiency as well as the opportunity to take a greater role in inventory allocation, leveraging proprietary agency and client data. Additionally, media agencies have expressed concern over utilization of online advertising networks for media buys due to loss of control over client data.

- We believe that media agencies are actively considering the potential of proprietary advertising markets for either premium or non-premium display advertising.

Leading Online Publishers

- Google and Yahoo! appear squarely focused on the non-premium exchange opportunity, with efforts underway to expand into reservation-based forward markets.
- Microsoft's ultimate strategy still remains unclear, although the company has committed to move forward with a new publisher platform "pubCenter," in concert with a consultative Publisher Leadership Council including IAC, Dow Jones Online, et al.
- AOL made two separate advertising exchange announcements in 2008, but to our knowledge, neither has yet debuted.
- Despite an apparent commitment to open advertising platforms, Google, Yahoo!, and Microsoft appear hedged, simultaneously maintaining proprietary third-party monetization footprints (e.g., Google AdSense for Content, Yahoo!'s APT, and components of Microsoft's APS like DrivePM and contractual agreements with publishers such as Facebook).

Online Advertising Networks

- While maintaining proprietary publisher footprints due to their inherent advantages (generally higher-quality inventory, greater transparency with partners, relatively less competition for inventory), advertising networks are preparing for the potential long-term commoditization of their inventory aggregation function and associated scale benefits (although scale benefits with respect to data and optimization should persist), in our view. Horizontal online advertising networks appear to be adopting online advertising exchanges. ValueClick confirmed in its 3Q08 earnings conference call that it is now utilizing online advertising exchanges after a multi-year absence (the company was an early participant in the Right Media Exchange). We believe that Advertising.com has been a client of the DoubleClick Advertising Exchange since the launch of that platform.
- Networks appear more likely to maintain control of the inventory aggregation function in niche or high-value market segments, such as vertical advertising networks and brand-centric advertising networks. Vertical networks and site representation firms will likely continue to lock up publisher inventory via exclusive arrangements; some vertical networks will likely leverage the ad network function as a pipeline to identify and acquire attractive niche content properties.

Publisher Branded Networks

- An increasing number of branded site publishers are creating ad networks adjacent to their owned and operated properties. This approach enables media companies to leverage their existing sales force and advertiser relationships to increase the reach, frequency, and impression volume they can offer advertisers, and do so while minimizing potential channel conflict. Smaller sites that join the networks of larger publishers benefit from the association with premier media brands, a sales channel that only sells premium product, and potentially higher CPMs than performance-based ad networks.
- Examples of publishers with extended networks include Yahoo! (APT), Microsoft (APS), Martha Stewart (Martha's Circle), Forbes (Forbes Business & Finance Network), Glam.com (Glam Media Network), IDG (IDG Tech Network), and a number of newspaper publishers (QuadrantOne).

We believe that the fully integrated value chain represented by traditional online advertising networks is likely to disintegrate, with multiple parties including media agencies and large online publishers vying to take up roles in the market that had traditionally been performed by sales intermediaries. We continue to believe that the Google/DoubleClick Advertising Exchange is likely to become the leading online inventory aggregation platform due to Google and DoubleClick's advantage with respect to size and quality of publisher footprint. With that said, we expect Yahoo! (with the largest pool of owned and operated brand advertising inventory on the Internet, the Right Media Exchange, APT, etc.) and Microsoft (with the aQuantive assets, AdECN, and its own large publisher footprint including MSN, Facebook, Viacom, Massive, and others) to play significant roles in the sell-side aggregation market as well.

However, we believe there is no clear consensus with respect to which organizations will come to dominate the aggregation of buy-side demand for non-premium display inventory three to five years from now. Advertising agencies possess strong marketer relationships, access to valuable client data, and discretion over advertising budgets, but have historically lacked technology assets and tech-oriented organizational culture. Advertising networks possess superior technology and cultural advantages versus agencies and obvious expertise, but clients may be better aligned with agencies or fear re-use of proprietary data. The large publishers focused on this market opportunity will likely also play a role as buyers on their own advertising exchange platforms due to their technology advantages and proprietary consumer data derived from search activity, but potential conflicts of interest may alienate clients.

1.5 Market Sizing

In **Exhibit 1.10**, we present our revised estimates for the worldwide online advertising market from 2007 to 2013.

Exhibit 1.10: Worldwide Online Advertising Market 2007-2013E

	2007	2008	2009E	2010E	2011E	2012E	2013E	2008-2013E CAGR
Revenue ($B)								
Search Contextual	$19.9	$24.9	$25.8	$28.7	$33.1	$38.2	$43.5	**12%**
Display	21.7	23.0	20.8	23.4	27.0	30.2	33.3	**8%**
Premium Display	18.6	18.8	16.0	17.4	19.2	20.7	21.9	**3%**
Non-Premium Display	3.1	4.1	4.8	6.0	7.8	9.5	11.4	**22%**
Other	7.1	6.6	6.4	6.9	7.6	8.4	9.0	**6%**
Total	$48.7	$54.5	$53.0	$59.0	$67.6	$76.7	$85.8	**10%**
Impressions (B)								
Display PVs	22,066	25,817	29,948	34,140	38,579	42,822	47,105	
Display Imps	10,338	12,199	14,225	16,473	18,904	21,411	24,023	
Premium	1,137	1,220	1,280	1,318	1,361	1,402	1,417	
Non-Premium	9,201	10,979	12,945	15,155	17,542	20,009	22,606	
Yield ($)								
Display RPM	$0.98	$0.89	$0.69	$0.68	$0.70	$0.70	$0.71	
Display CPM	2.10	1.88	1.46	1.42	1.43	1.41	1.39	
Premium	16.33	15.45	12.51	13.17	14.07	14.74	15.47	
Non-Premium	$0.34	$0.38	$0.37	$0.40	$0.44	$0.47	$0.50	
Revenue Growth (Y/Y)								
Search	39%	25%	4%	12%	15%	15%	14%	
Display	35%	6%	(10%)	12%	15%	12%	10%	
Premium Display	33%	1%	(15%)	8%	10%	8%	6%	
Non-Premium Display	45%	32%	15%	26%	30%	22%	20%	
Other	18%	(6%)	(3%)	8%	10%	10%	8%	
Impression Growth (Y/Y)								
Display Impressions	20%	18%	17%	16%	15%	13%	12%	
Premium Display Impressions	15%	7%	5%	3%	3%	3%	1%	
Non-Premium Display Impressions	21%	19%	18%	17%	16%	14%	13%	
Yield Growth								
CPM - Total Display	12%	(10%)	(23%)	(2.9%)	0.5%	(1.2%)	(1.5%)	
CPM - Premium Display	16%	(5%)	(19%)	5%	7%	5%	5%	
CPM - Non-Premium Display	20%	10%	(3%)	8%	12%	7%	6%	
Revenue Mix								
Display / Total Non-Search	75%	78%	76%	77%	78%	78%	79%	
Premium Display / Total Display	86%	82%	77%	74%	71%	69%	66%	
Non-Premium Display / Total Display	14%	18%	23%	26%	29%	31%	34%	
Impression Mix								
Premium Display	11%	10%	9%	8%	7%	7%	6%	
Non-Premium Display	89%	90%	91%	92%	93%	93%	94%	

Source: Company reports, IAB, Zenith Optimedia, and ThinkEquity LLC estimates

1.6 Competitive Landscape

Exhibit 1.11 includes a detailed overview of key ad network characteristics and aggregated self-reported data from a variety of participants in the non-premium display advertising space, including horizontal ad networks.

Exhibit 1.11: Ad Network Competitive Landscape

	Vital Statistics: U.S. Unique Visitors (Monthly)	Global Unique Visitors (Monthly)	Monthly Impressions (B)	Monthly Video Impressions (M)	Number of Publishers	Number of Advertisers	Average eCPM	Network Features – Targeting Capabilities: Behavior	Context	Geographic	Demographic	Site	Pricing Models: CPC	CPM	CPA	Ad Formats: Text	Display	Video	Mobile	Search	Applications
The Majors																					
AOL/Platform-A	173	275	70	250	20,000	50,000	---	X	X	X	X	X	X	X	X	X	X	X	X	X	---
Yahoo! Network	163	578	375	500	25,000	260,000	---	X	X	X	X	X	X	X	X	X	X	X	X	X	---
Google Ad Network	158	750	---	10,600	2.0M	1.3M	---	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Microsoft Media Network	123	619	---	600	1,000	30,000	---	X	X	X	X	X	X	X	X	X	X	X	---	X	---
Diversified Networks																					
ValueClick Media	158	---	34	---	20,000	---	---	X	X	X	X	X	X	X	X	X	X	X	---	X	---
Specific Media	143	225	30	---	450	300	---	X	X	X	X	X	X	X	X	X	X	X	---	---	---
Exponential (Tribal Fusion)	139	240	20	10	1,500	500	$2-$6	X	X	X	X	X	X	X	X	X	X	X	---	---	---
Traffic Marketplace	139	---	20	---	---	---	---	X	X	X	X	---	X	X	X	---	X	---	---	---	---
24/7 Real Media	137	178	18	---	2,000	---	---	X	X	X	X	X	X	X	X	---	X	X	---	---	---
Casale Media	132	200	30	---	4,000	---	---	X	X	X	X	---	X	X	X	---	X	---	---	---	---
AdConion	125	296	10	---	300	500	---	X	X	X	---	---	X	X	X	X	X	---	---	---	---
InterClick	125	---	8	---	750	100	---	X	X	X	X	X	---	X	---	---	X	X	---	---	---
CPX Interactive	122	300	30	---	3,500	500	$1-$2	X	X	X	X	---	X	X	X	---	X	---	---	---	---
Datran Media - Aperture	120	---	2	20	5,000	100	$5-$15	X	X	X	X	X	---	X	---	---	X	X	---	---	---
BurstMedia	109	135	5	---	6,200	500	$0.50-$6	X	X	X	X	X	X	X	X	---	X	---	---	---	---
Epic Advertising (AzoogleAds)	35	45	---	---	38,000	375	$3-$4	X	X	X	X	X	X	X	X	X	X	X	---	X	---
Brand-Driven																					
Collective Media	113	---	6	3	200	600	$2-$3	X	X	X	X	---	---	X	---	---	X	X	---	---	---
Undertone	86	---	2	150	350	900	$3-$25	X	X	X	X	---	X	X	---	---	X	X	---	X	---
ShortTail Media	80	---	1	---	50	---	$4-$6	---	---	X	---	X	---	X	---	---	X	X	---	---	---
Brand.net	50	---	---	---	---	---	---	---	X	X	X	---	---	X	---	---	X	X	---	---	---
RocketFuel	---	176	---	---	---	---	---	X	X	X	X	X	---	X	---	---	X	X	---	---	---
Vertical Ad Networks																					
Adify Media	59	---	---	---	10,000	---	---	X	X	X	X	X	---	X	---	---	X	X	---	---	---
Glam Media	51	85	3	14	1,000	1,100	$8-$35	X	X	X	X	X	---	X	---	---	X	X	---	---	---
NetShelter Technology Media	17	50	---	---	150	---	---	---	X	X	---	X	---	X	---	---	X	X	---	---	---
Good Health Advertising	15	22	---	---	55	100	$15	X	X	X	X	X	X	X	---	X	X	X	---	---	---
Travel Ad Network	13	---	---	---	200	---	---	X	X	X	---	X	X	X	---	X	X	X	---	---	---
DogTime Media	9	---	---	1	550	40	$5-$9	X	X	X	X	X	---	X	---	---	X	X	---	---	---
Behavioral																					
AudienceScience	108	---	4	---	10,000	400	$4-$6	X	X	X	X	---	---	X	---	X	X	X	X	---	---
Tatto Media	71	---	3	---	---	---	---	X	---	X	X	---	---	X	---	---	X	---	---	---	---
Zedo	30	50	20	---	250	50	$3-$7	X	---	X	---	---	---	X	---	---	X	X	---	---	---
Q Interactive	11	---	---	---	---	1,000	---	X	---	X	X	---	X	X	X	---	X	---	---	---	---
Acerno	---	---	---	---	---	---	---	X	---	X	X	---	---	X	---	---	X	---	---	---	---
Ad Exchanges																					
RightMedia (Yahoo!)	---	---	240	---	4,000	250	$0.10-$5	X	X	X	X	X	X	X	X	X	X	---	---	---	---
DoubleClick (Google)	---	---	25	---	---	---	$5-$15	X	X	X	X	X	---	X	---	---	X	X	---	---	---
OpenX	---	---	---	---	---	---	---	X	X	X	---	X	X	X	X	X	X	X	---	---	---
AdECN	---	---	---	---	---	---	---	---	X	X	X	---	---	X	---	---	X	---	---	---	---
AdBidCentral	---	---	3	50	2,500	200	$4-$6			X	X	X	---	X	---	---	X	X	---	---	---
Ad Marketplaces																					
Turn	121	---	---	---	---	---	---	X	X	X	X	---	X	X	X	X	X	---	---	---	---
Contextweb (ADSDAQ)	116	168	7	1,500	9,000	500	$3-$10	X	X	X	X	---	X	X	X	X	X	X	---	---	---
Traffiq	95	---	100	---	1,500	400	---	---	X	X	X	X	---	X	---	---	X	---	---	---	---
AdBrite	82	200	25	1,000	100,000	5,000	$0.30-$2	X	X	X	X	X	X	X	X	X	X	X	---	---	---
adConductor (BurstMedia)	---	---	8	---	---	---	$0.50-$10	---	X	X	---	---	---	X	---	---	X	---	---	---	---
Contextual																					
Pulse 360	68	---	---	---	---	---	---	---	X	X	X	X	X	---	---	X	---	---	---	---	---
LookSmart	28	---	1	---	3,500	---	---	---	X	X	---	X	X	X	---	X	X	---	---	X	---
Adknowledge	---	---	12	---	---	50,000	---	X	X	X	X	---	X	X	X	X	X	X	---	X	X
Lucid Media	---	---	---	---	---	---	---	X	X	X	X	---	X	X	---	X	X	---	---	---	---

Source: Company reports and comScore

Exhibit 1.11: Ad Network Competitive Landscape (continued)

	Vital Statistics							Network Features: Targeting Capabilities					Pricing Models			Ad Formats					
	U.S. Unique Visitors (Monthly)	Global Unique Visitors (Monthly)	Monthly Impressions (B)	Monthly Video Impressions (M)	Number of Publishers	Number of Advertisers	Average eCPM	Behavior	Context	Geographic	Demographic	Site	CPC	CPM	CPA	Text	Display	Video	Mobile	Search	Applications
In-Text																					
Vibrant	75	120	5	---	3,500	---	---	---	X	---	---	---	X	X	---	X	X	X	---	---	---
Kontera	64	---	---	---	---	---	---	---	X	X	---	---	X	---	---	X	---	X	---	---	---
Video																					
Tremor	132	---	---	---	1,400	---	---	X	X	X	X	---	X	X	X	---	X	X	---	---	X
Digital Broadcasting Group	106	---	---	---	2,600	---	---	X	X	X	X	---	---	X	---	---	---	X	---	---	---
BrightRoll	94	---	15	500	300	50	---	X	X	X	X	X	---	X	---	---	X	X	---	---	---
YuMe	75	---	---	500	400	---	---	---	X	X	X	---	---	X	---	---	X	X	---	---	---
VideoEgg	26	100	1	800	400	300	---	---	X	X	X	---	---	X	X	---	X	X	---	---	---
Broadband Enterprises	18	58	---	1,000	2,200	150	---	---	X	X	---	---	---	X	---	---	---	X	---	---	---
ScanScout	---	---	---	200	---	---	---	X	X	X	---	---	---	X	---	---	---	X	---	---	---
Mobile																					
AdMob	---	---	7	---	6,400	---	---	---	X	X	---	---	X	X	---	X	X	X	X	X	---
Greystripe	---	---	---	---	---	---	---	---	X	X	---	---	---	X	X	---	X	X	X	---	---
Social																					
Gigya	77	183	6	---	---	---	---	X	X	X	X	X	---	---	X	---	X	X	---	---	---
Social Media	50	---	---	---	5,000	---	---	---	---	---	---	X	---	---	X	---	X	---	---	---	---
Offerpal	50	---	---	---	---	---	---	X	---	X	X	X	---	---	X	X	X	---	---	---	---
RockYou	41	114	19	300	2,500	500	---	X	X	X	X	X	X	X	X	X	X	X	---	---	X
Clearspring	33	---	---	---	25	---	---	---	X	X	X	X	---	X	X	---	X	X	---	---	---
Widgetbox	25	56	---	---	---	---	---	---	X	---	---	---	X	X	---	X	X	X	---	---	X
Widgetbucks	23	100	2	---	26,000	500	---	---	X	X	---	X	X	X	---	X	X	X	---	---	---
BuddyMedia	---	---	---	---	---	---	---	X	X	---	X	X	---	---	X	---	X	X	---	---	X
Lotame	---	---	---	---	---	100	---	X	---	X	X	X	X	X	---	X	X	---	X	X	---
Media6°	---	---	---	---	---	---	---	X	---	---	X	---	---	X	X	---	X	X	---	---	---
UGC/Blogs																					
Federated Media	14	50	1	---	150	---	$2-$35	---	X	---	X	X	---	X	---	X	X	X	---	---	---
Technorati	12	42	12	---	4,000	---	$0.02-$30	---	X	---	---	X	X	X	---	X	X	---	---	---	---
Sales Represenation																					
Gorilla Nation	64	---	---	---	550	---	---	---	X	X	---	X	---	X	---	---	X	X	---	---	---
Appssavvy	---	---	---	---	---	---	---	---	X	X	X	X	X	X	X	---	X	X	X	---	X
Local																					
Centro	73	---	---	---	8,500	---	---	---	X	X	---	X	---	X	---	X	X	X	X	---	---
NNN Total Newspapers	72	---	4	---	9,000	---	---	X	X	X	X	---	---	X	---	X	X	X	---	---	---
ITN Digital Networks	61	---	1	---	1,600	---	---	X	X	X	---	---	---	X	---	---	X	X	---	---	---
QuadrantOne	43	---	1	---	332	---	---	X	X	X	---	---	---	X	---	---	X	X	X	---	---
Internet Broadcasting	41	---	---	---	70	---	---	---	X	X	---	---	---	X	---	---	X	---	---	---	---
International																					
Burst Media	109	135	5	---	4,700	500	$0.50-$6	X	X	X	X	X	X	X	X	---	X	---	---	---	---
Ad Pepper Media Int. N.V.	25	90	5	25	15,000	3,500	$2.50-$5	X	X	X	X	X	X	X	X	X	X	X	---	---	---
AdGent 007	---	---	---	---	400	500	$4-$25	X	X	X	X	X	X	X	X	---	X	X	---	---	---
Harren Media	---	---	9	---	1,000	---	---	---	X	X	X	---	X	X	---	X	X	X	X	X	X

Source: Company reports and comScore

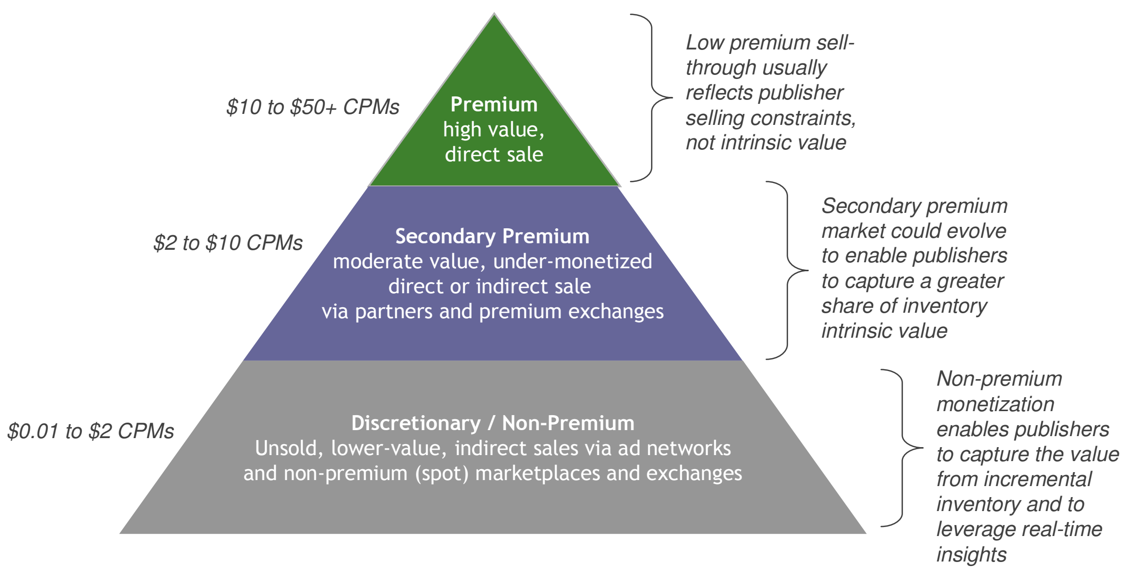
Chapter 2: Understanding Premium And Non-Premium

We begin with definitions of premium versus non-premium display advertising. Based on our perception of how the terms are widely used within the industry, we define the following:

Premium display includes graphical display advertising inventory sold through a direct sales force such that ad placement, impression volume, and time-frame within which the advertisement will run are guaranteed. Advertisers are made aware of the general usage characteristics for their ad placement (i.e., the expected number of unique users and impressions), and a specific cost-per-thousand impressions (cost per millennium, or CPM) is generally at least implicitly guaranteed. If the placement underperforms, a publisher is typically required to make up for the impression shortfall with additional placements (just as television networks provide "make goods" when television programming garners lower-than-expected ratings). Premium inventory is also typically characterized by high-touch, upfront sales efforts and exclusive opportunities.

Secondary premium is a term we use to describe inventory that has similar characteristics (placement, performance, etc.) as premium and is either 1) sold with similar guarantees (time, volume, placement, etc.) as premium but not through a publisher's direct sales force or 2) sold by a publisher's direct sales force with some, but not all, of the guarantees that accompany standard premium media buys. In the first case, the secondary premium sale is occurring either through another publisher's sales force (Yahoo!'s "We-Sell-You-Sell" program is a good example), via next-generation premium ad networks (Brand.net, ShortTail Media, and Undertone Networks are examples), or through the use of new technology platforms (e.g., AdBidCentral, ContextWeb, DoubleClick AdX, etc.). **Exhibit 2.1** is a graphical illustration of how we see the secondary premium sales channel evolving for large publishers with direct sales forces.

Exhibit 2.1: Secondary Premium Market Evolving To Stem Inventory Value Erosion



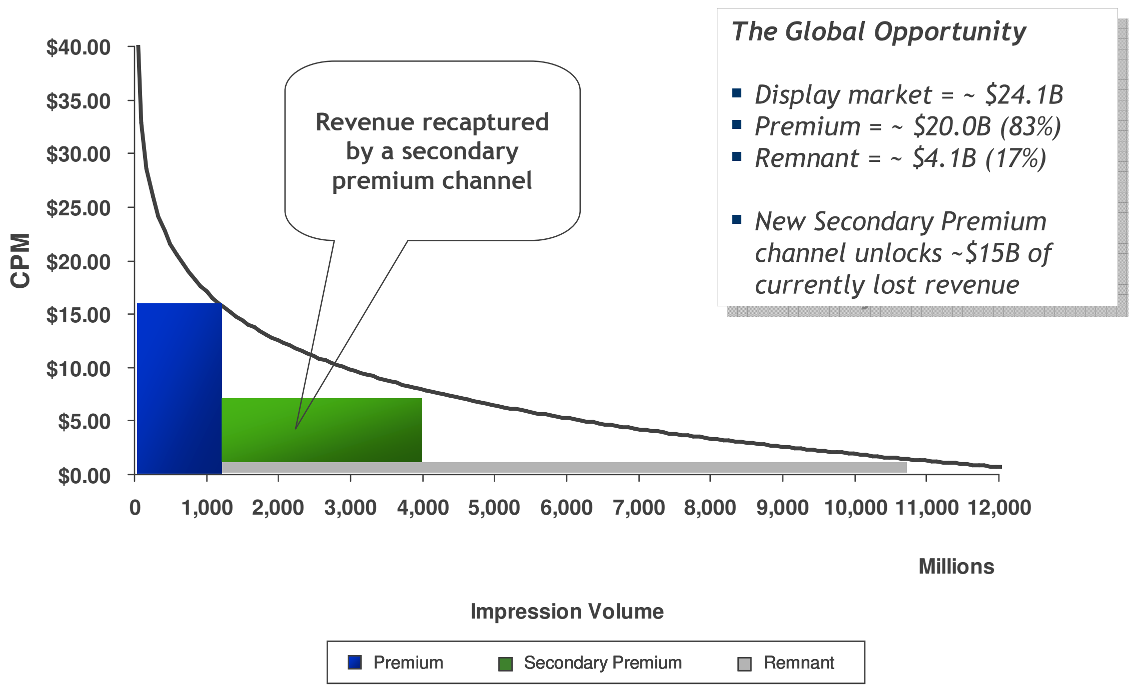
Source: Rapt and ThinkEquity LLC

The second type of secondary premium sale is being driven mainly by product innovations among publishers seeking to generate higher effective CPMs from inventory historically sold through the remnant channels. Good examples here are Microsoft's Run of Category (ROC) and Premium Run of Category (PROC) products. With ROC, Microsoft guarantees advertisers inventory within a specific category (e.g., entertainment, sports, etc.) but with no transparency into the composition of the inventory (could be at MSN, third parties like Viacom and Facebook, or a mix of both) and no guarantees as to placement or time of day. PROC is similar but offers more transparency for advertisers into the composition and placement of the media buy. According to our research, secondary premium inventory attract prices that

are significantly higher (5-10x) than non-premium but still at a significant discount (~50% or more) to premium packaged sales.

According to our analysis, we believe the secondary premium opportunity represents an incremental $6.5 billion in revenue for the U.S. online advertising market.

Exhibit 2.2: Secondary Premium Market Opportunity Worldwide



Source: Rapt and ThinkEquity LLC

Non-premium display advertising is sold without specific time-frame or placement guarantees, typically by a third party. Non-premium ad inventory has also been termed "remnant." While some non-premium inventory is less desirable from an advertiser perspective (e.g., below the fold), the non-premium category includes high-quality inventory from smaller publishers and excess or unexpected inventory from larger publishers as well. The non-premium market relies on intermediaries that cross advertiser demand for non-premium advertising opportunities with publisher supply of excess or unsold inventory. In this category, we also include non-premium rich media and interstitials and display-based lead generation/referrals.

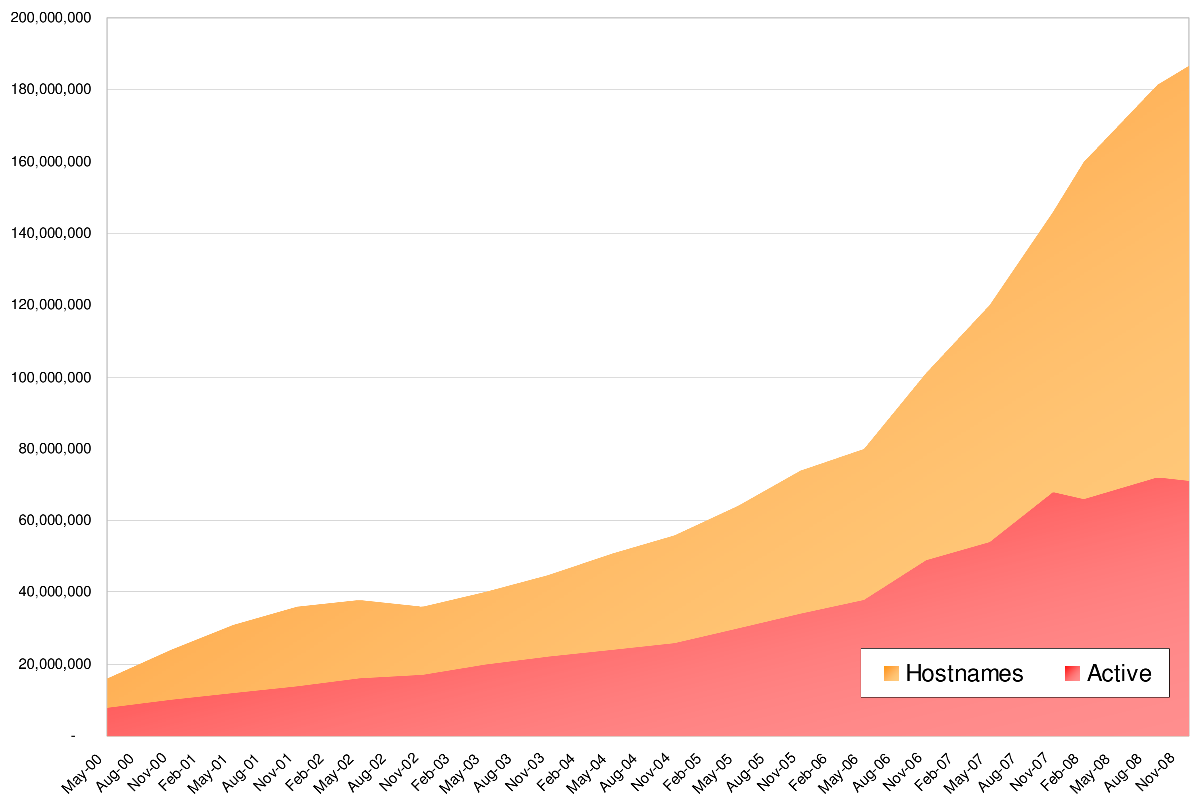
While non-premium sales can be an extremely efficient channel for publishers to sell remnant or un-sold inventory, the problem historically has been the large delta (~10x to 20x) in pricing between inventory sold through premium and non-premium channels. It is true that some inventory sold through non-premium channels underperforms relative to premium for a variety of reasons (e.g., placement, time of day, etc.). However, there are many instances where publisher inventory is sold with the same placement and general time for a fraction of "rate card," simply because it is sold through a non-channel. When this happens, it typically occurs because of selling constraints (e.g., limited sales relationships, demand/supply imbalances, etc.) and is not reflective of the intrinsic value of that piece of inventory.

As we have noted in the past, the non-premium display market has developed in response to two primary challenges: 1) the increasing fragmentation of online media and consumer attention, and 2) the difficulty of maximizing publisher revenue solely through guaranteed, premium display advertising sales. We consider each of these key challenges beginning on the next page.

Media Fragmentation

It is hardly news that media has tended toward a condition of increasing fragmentation over time, particularly as the emergence of new technologies reduces the physical and technology infrastructure barriers to become a "publisher" and other technologies emerge to more "efficiently" fragment consumer attention. For example, the story of television has been one of increased fragmentation over time, with the emergence of MVPD (multi-channel video programming distribution, i.e., cable), followed by DBS (digital broadcast satellite), providing alternatives to traditional broadcast distribution. One might also argue that the television remote control served to more-efficiently fragment consumer attention.

Exhibit 2.3: Growth In Global Internet Domains As A Proxy For Website And Online Content Creation

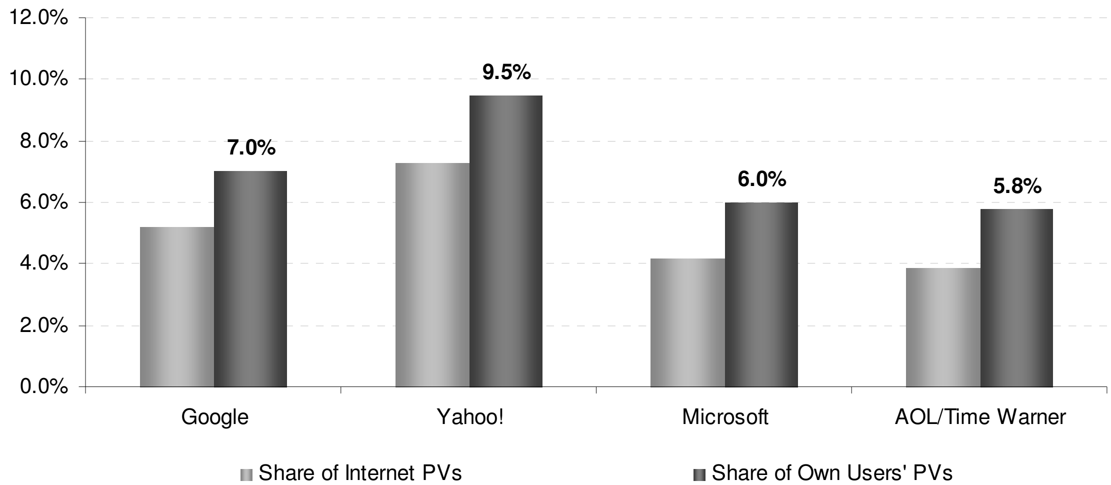


Source: Netcraft

Analogously, the online media space represents a model of hyper-fragmentation of media, with barriers to entry for media publishers dramatically lower than television at the outset of the mainstream adoption of the technology, and barriers becoming progressively lower still, through the emergence, over time, of the LAMP (i.e., Linux, Apache, MySQL, PHP/Perl/Python) stack, inexpensive (or free) Web hosting, easy and cheap domain registration, "pay-per-drink" Web services, highly democratic self-publishing platforms (blogs, user-generated content, and social media), extremely capital-efficient (pay as you go) cloud computing services, and even democratized monetization in the form of online advertising networks and exchanges, the subject of this report.

There are a variety of ways to illustrate the increasing fragmentation of online media over time, including the number of domains in use, the relative growth of self-publishing platforms (although it is difficult to determine the level of traffic fragmentation within these platforms, we believe it to be very high), content personalization/customization (e.g., iGoogle, MyYahoo!, MySpace, Facebook, NetVibes), etc. However, we believe the most-compelling available demonstration of online media fragmentation is the limited share of online user activity by the largest sites online, which have historically captured dominant share of total online advertising expenditures. **Exhibit 2.4** illustrates the relatively small proportion of total user activity represented by online media's "big four," Google, Yahoo!, Microsoft, and AOL/Time Warner.

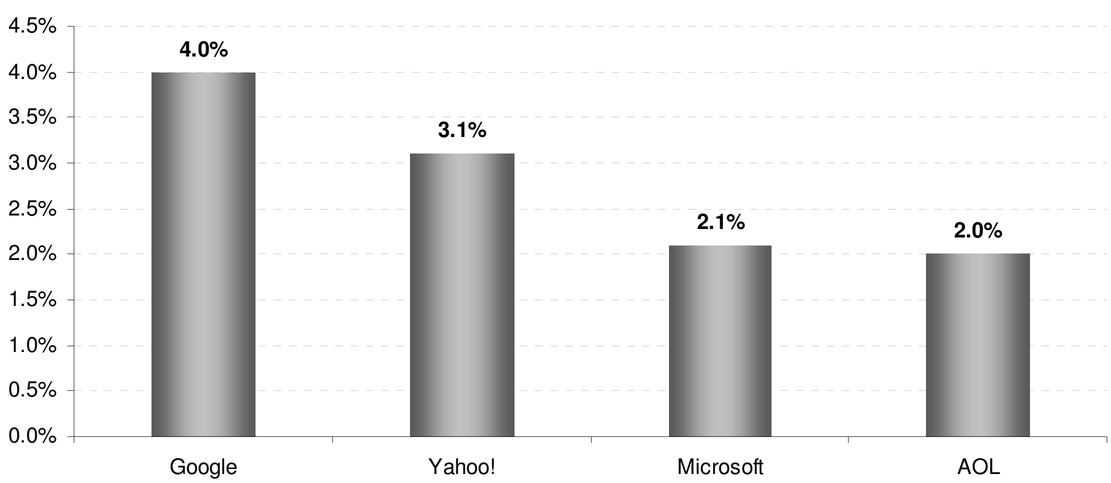
Exhibit 2.4: Share Of Online User Activity Among Leading Internet Sites



Source: comScore

The problem of reaching a significant proportion of the total user audience becomes more difficult still given the fact that a minority of users accounts for a majority of user activity and, conversely, the least active users account for a very small portion of total Internet traffic. **Exhibit 2.5** illustrates that the "bottom" 50% of users in terms of total activity and page view consumption consume far less than their "fair share" of page views.

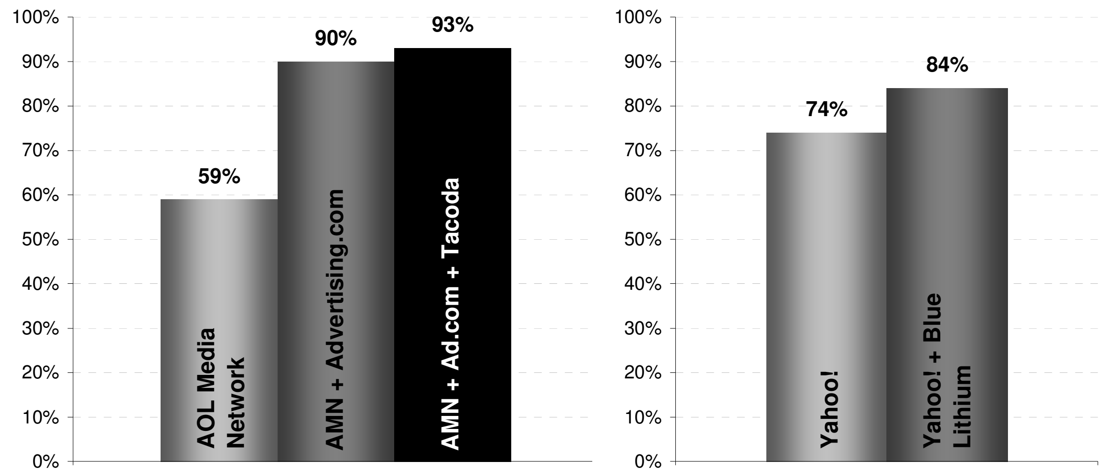
Exhibit 2.5: Share Of Page Views Consumed By Bottom 50% Of Users



Source: comScore

Given the difficulty in achieving reach/frequency objectives using even the largest sites online, we believe that the increasing use of online ad sales intermediaries has been a rational response, and has even helped to motivate/justify consolidation of intermediaries by leading online media publishers. As illustrated in **Exhibit 2.6**, the acquisition of online advertising networks has significantly augmented the reach of leading online publishers.

Exhibit 2.6: Incremental Unique Visitor Reach Contributed By Ad Networks



Source: comScore

In addition to the fragmentation of audiences across the Internet, there has been an equally challenging fragmentation of media formats and technologies that has created "pain points" throughout the online advertising ecosystem and within specific segments. Online video is one segment of the online advertising market that is currently being challenged by fragmentation. **Exhibit 2.7** highlights the extreme fragmentation of media formats and technologies across the online/digital video space.

Exhibit 2.7: Complexities In The Online/Digital Video Marketplace Today

- **Different Video Players:** Windows, QuickTime, Real, Flash, etc.
- **Numerous Ad Units:** Ad resolutions, sizes, page locations, etc.
- **Multiple Channels:** Internet/Web, in-game, mobile, IPTV, VOD
- **Different Platforms:** Brightcove, Maven, The Platform, etc.
- **Several Video Ad Servers:** DoubleClick, Atlas, AdTech, etc.
- **Dozens of Video Ad Networks:** Advertising.com, YuMe, Tremor, Brightroll, etc.
- **Lots of Rich Media Offerings:** EyeWonder, Unicast, Eyeblaster, Pointroll, etc.
- **Too Many "Standards":** Basic concepts like "impressions" are not standardized

Source: ExtremeReach and ThinkEquity LLC

The Problem Of Premium Sell-Through

While sales of premium ad inventory (in some ways analogous to the sales of television ad inventory through an upfront market) on a guaranteed basis have historically garnered the highest effective yield for publishers, we believe that the premium sales model suffers from multiple inefficiencies, primarily involving inventory management and outsized supply chain costs, that drive sub-optimal monetization and inventory fill.

- Inventory forecasting is still an imprecise science, and traffic may be driven unpredictably by forces outside publishers' control. Our research suggests that the standard deviation on delivered versus forecast impressions for large and well-established premium publishers is regularly in the 30-50% range. If publishers sell too little inventory, revenue opportunities are lost. If publishers sell too much inventory, they are forced to make good on sales with additional future impressions (potentially more than had been under-fulfilled), and may dissatisfy advertisers who may have specific campaign scheduling (e.g., flighting/frequency) requirements. Companies working on solving this problem include Yieldex, Brand.net, and Rapt/Microsoft.

- Brand advertisers and agencies require a combination of reach and efficiency in purchasing media. From a practical perspective, finite advertiser/agency resources combined with an inventory procurement process that

can be labor-intensive and involve extensive offline communication (e.g., outbound RFPs, inbound proposals, IOs that are faxed back and forth, etc.) necessitate that buyers manage a limited number of publisher relationships.

- Conversely, small publishers may have difficulty retaining sales staff or garnering the attention of advertisers and ad agencies on their own due to inadequate scale.
- Upfront sales/purchases of advertising inventory (even if sales are conducted in a "rolling" upfront) can require significant advanced planning and negotiation, and advertiser/agency flexibility may be limited in responding to variations in campaign/inventory performance, budget flushes, etc.
- Variations in inventory quality among large publishers present challenges in terms of sales strategy. While some publishers have been successful in developing a variety of advertising products carrying varying price points or even differing pricing models (e.g., CPM and CPA), other publishers may fear that selling inventory of lesser quality (which may be viewed by some advertisers as a compelling substitute) via the premium sales channel may reduce pricing strength by commencing a "race to the bottom."

Given these and other limitations of the premium/direct sales model, it is unsurprising (to us) that online publishers have sought the assistance of intermediaries (in the form of online advertising networks and sales representation firms) to drive incremental inventory fill and higher sell-through rates.

In a benchmarking study performed in 2008 by the Interactive Advertising Bureau and Bain & Company, Bain/IAB surveyed seven large, well-known media companies and online publishers with respect to premium and non-premium sell-through and pricing trends. Among the key findings of the report was that the surveyed publishers relied upon intermediaries to drive incremental inventory sell-through. In 2006, the surveyed publishers sold 5% of total inventory via intermediaries; that percentage increased to 30% in 2007 given pressure on publishers to "realize all revenue [opportunities]." Increased use of advertising networks drove the total sell-out rate for surveyed publishers from 52% in 2006 (50% excluding intermediaries) to 70% in 2007 (53% excluding intermediaries). However, the revenue impact from incremental sales via intermediaries was muted by the considerably lower CPM rates (6-11% versus the premium/direct sales channel) generated by intermediaries. IAB/Bain also noted an apparent correlation between higher inventory release rates to intermediaries and lower average premium/direct CPM rates.

2.1 Ad Networks

Ad Networks: Aggregating Supply And Demand

At the most basic level, an ad network represents a collection of advertiser and publisher relationships, combined with an ad serving technology; ad networks create value by aggregating publisher inventory, segmenting the inventory and/or audience, selling inventory/audience segments to marketers, and matching advertiser campaigns (demand) against publisher inventory (supply). Given that networks serve advertisers and publishers, they must satisfy two sets of competing goals—to maximize advertiser return-on-investment (ROI) while also maximizing publisher inventory yield.

Generally, networks share revenue with publishers, meaning that networks have an obvious incentive to maximize publisher yield. However, the competitive nature of the ad network marketplace means that networks must also work hard to satisfy marketer ROI goals, which may be either explicit or implicit. For instance, a marketer may pay a stated cost per action (CPA), where an action may represent a click, customer acquisition, or the generation of a qualified lead. Or, if a marketer pays for advertising inventory on a cost per mille (CPM), i.e., cost per thousand impressions, basis, the network will often be held accountable to a CPA performance target.

Smaller Internet destinations that do not possess the requisite scale to support an internal advertising sales force typically rely upon either site representation firms or online advertising networks to monetize their content and audiences. Larger Internet properties with their own dedicated sales forces may also rely on site representation firms and advertising networks to monetize non-premium inventory that is not monetized by the direct sales channel. Some inventory may be inherently less desirable (what is typically termed "remnant") from an advertiser perspective. Additionally, publishers may find it difficult, or in some cases, impossible, to forecast inventory creation, which is ultimately driven by consumer usage. For example, breaking news or weather may drive traffic unpredictably to sites such as weather.com or nytimes.com. If a

publisher experiences unexpected consumer demand (which creates ad inventory unpredictably), the inventory must be monetized on the fly or it will go unsold.

Ad Network Ecology

Ad networks are frequently classified according to several key points of differentiation, including the nature of the economic relationships between the network and its advertisers and publishers, the type of inventory represented, the type of advertising served into the inventory, the targeting technology/techniques used by the network, etc. **Exhibit 2.8** presents a basic introduction to the ad network ecology. We note that many networks straddle multiple categories. There is a further distinction between ad networks and ad brokers. Ad brokers have traditionally been defined as ad networks that do not have their own ad-serving technology. With the increased use of licensed ad-serving technology and the emergence of advertising exchanges, however, the distinction between networks and brokers has become less meaningful, in our view.

Exhibit 2.8: Online Advertising Network Ecology

Point of Differentiation	Category	Definition	Examples
Economic relationship with publishers	Revenue Share	Network shares revenue with publishers; inventory fill may not be guaranteed. Revenue share arrangement is often disclosed and fixed by network. Network converts CPA pricing (to advertisers) to an effective CPM (eCPM) paid to publishers.	Burst Media, Casale Media, CPX Interactive, Google, Specific Media, Tribal Fusion, 24/7 Real Media, ValueClick Media.
	Pre-Buy or Dynamic	Network buys inventory from publishers on a go-forward basis, guaranteeing inventory fill at a negotiated rate regardless of monetization potential. Network may resell inventory to advertisers on either a CPA or CPM basis.	Advertising.com, Brand.net, DrivePM, Undertone.
Economic relationship with advertisers	CPA (Cost Per Action)	Advertisers pay network only when a desired result (e.g., click-through, customer acquisition, generation of a qualified lead) is obtained.	Advertising.com, DrivePM, ValueClick Media, Epic Advertising, CPX Interactive
	CPM (Cost Per Thousand Impressions)	Advertisers pay network whenever an ad is served on its behalf. However, advertiser may also hold network accountable to a CPA target.	Tribal Fusion, 24/7 Real Media, ValueClick Media, Advertising.com, DrivePM, Specific Media, Brand.net, Collective Media, Undertone Networks, Short Tail Media, Interclick
Inventory Type	Premium	Networks that sell high-quality inventory in the same or similar manner as direct sales forces, typically although not always with guaranteed placement, timeframe, etc.	Brand.net, Collective Media, Federated Media, RocketFuel, Short Tail Media, Turn, Tribal Fusion, 24/7 Real Media, Undertone Networks.
	Non-premium	Network is used by publishers as a default monetization mechanism for unsold and undersold ad inventory.	Advertising.com, Casale Media, CPX Interactive, Traffic Marketplace, Adconion, Right Media Exchange, ValueClick Media.
Exclusivity/Focus	Site Representation	Site representation firms work essentially as an outsourced sales force for smaller publishers, selling premium or non-preemptable advertising opportunities, sometimes on an exclusive basis.	Glam Media, Gorilla Nation, Tribal Fusion, 24/7 Real Media, Adgent 007, Short Tail Media, AppSavvy, Burst Media, Federated Media
	Demand Driven & Meta-Networks	Demand-side networks or specialty media buyers that serve the needs of brand marketers and agencies exclusively, purchasing inventory on their behalf via exchanges and premium publishers.	Turn, Brand.net, MediaMath, Varick Media Management, Invite Media
Ad Type	Text	Text-based links served either in traditional ad units or within text.	Google AdSense, Yahoo! Publisher Network, PlatformA (Quigo), AdBrite, Kontera, Pulse 360, AdKnowledge, Lucid Media
	Display	Graphical advertising served in traditional ad units.	Advertising.com, ValueClick Media, Tribal Fusion
	Video	Rich media ads served within traditional ad units or served before, after, or within a video stream.	ValueClick Media, BrightRoll, Advertising.com, Google, VideoEgg, Tremor, Vibrant Media, ScanScout, YuMe
Targeting	Contextual	Advertiser campaigns are placed into discrete content channels, comprising publisher sites or pages with relevant content.	Tribal Fusion, 24/7 Real Media, ValueClick, Burst Media, Google AdSense, Contextweb, Lucid Media, AdKnowledge, Pulse 360
	Behavioral	Advertiser campaigns are shown to distinct users who fit desired behavioral/demographic profiles. Also, networks may assist advertisers in retargeting users who have previously visited the advertiser's site. Both techniques rely on the use of end-user cookie data.	TACODA, Audience Science, Advertising.com, DrivePM, ValueClick, Specific Media, Zedo, Acerno, Datran Media Aperture
	Frequency	Advertisers may specify the frequency with which a campaign is displayed to a single user in order to maximize impact or campaign reach. Relies on the use of end-user cookie data.	Various
	Other	Networks may also have the ability to target ad campaigns by geography (using IP data), day-part, operating system, browser, etc.	Various
Inventory Fill	Revenue Share	Publishers may not be guaranteed inventory fill.	Casale, Burst, ValueClick, 24/7 Real Media, Tribal Fusion
	Pre-Buy or Dynamic	Upfront negotiation for inventory fill and CPM.	Advertising.com, Brand.net, DrivePM, Undertone.
	100% Fill / No-Non-Paying-Defaults	Revenue share networks who have traditionally focused on the "long-tail" of publisher inventory and guarantee 100% inventory fill, typically at very low eCPM.	Google AdSense, CPX Interactive

Source: Company reports and ThinkEquity LLC

Ad Network Value Creation

In our view, networks create value in four important ways:

1. Ad networks create scale/aggregation opportunities for marketers; in the process, they also provide smaller publishers with access to advertiser demand for broad reach.
2. Ad networks provide marketers with a cost-effective broad-reach alternative to the portals and other large Internet media sites.
3. Ad networks create order in the marketplace for ad inventory by categorizing and segmenting inventory (typically into content-focused or demographic channels) and audiences (into behavioral and demographic segments).
4. Performance-based networks minimize risk for advertisers by explicitly or implicitly guaranteeing desired results and ROI through the use of CPA pricing or CPM pricing with CPA targets.

Scale

By aggregating publisher inventory, networks provide publishers with access to advertiser demand. Large advertisers are typically interested in efficiently achieving broad reach for their advertising campaigns. Without networks, advertisers would be unable to efficiently advertise on smaller publisher sites, and publishers would not have access to that advertiser demand.

Scale also represents an important competitive differentiator for ad networks. Adequate scale results in greater liquidity, increased publisher inventory fill rates, and prices that more-closely reflect the fair value of publisher inventory. While scale has been one of, if not, the most-significant ad network differentiators historically, exchanges are slowly commoditizing access to inventory. As a result, networks that have historically relied solely or primarily on scale as a competitive advantage and core competency may face increasing competitive challenges or gross margin erosion over the next several years.

Inventory Categorization/Segmentation

In addition to offering “Run of Network” buys, in which advertisers purchase inventory indiscriminately from across network sites, many ad networks group sites by category. Typically, these categorization schemes focus on specific content verticals or key demographic groups. Categorization allows networks to charge advertisers higher CPM in exchange for incremental transparency and has been a significant factor in the increasing appeal of ad networks to brand marketers. More recently, vertical ad networks have emerged that are entirely focused on specific categories (women, entertainment, travel, sports, etc.) and offer advertisers highly targeted contextual advertising opportunities. Online publishers in specific endemic categories are also creating ad networks adjacent to their owned-and-operated sites in order to offer reach extension for their advertisers.

Tracking/Targeting Unique Users

Networks track the activity of end-users (i.e., consumers) across their networks through the use of third-party cookies, monitoring interaction with campaigns (e.g., click-throughs, conversions), and which advertisements the consumer has previously been exposed to within the network. This tracking of unique users via cookie data allows networks to fulfill advertiser campaign goals with respect to reach, frequency, and targeting criteria. For example, to maximize the reach of an online advertising campaign and minimize wasted impressions, an advertiser may specify a “frequency cap” limiting the number of times that any one consumer will be exposed to a campaign.

While tracking unique users is a valuable technique for networks, challenges include cookie deletion by end-users and duplication of unique users across multiple networks. In attempting to maximize reach, an advertiser may use more than one advertising network in combination with premium site buys, in each case imposing a frequency cap. However, there will likely be duplication of unique users across multiple networks, reducing the effectiveness of the frequency cap. The use of third-party ad serving (e.g., DoubleClick’s DART for Advertisers or aQuantive’s Atlas) by agencies or advertisers can de-duplicate unique users via the use of a DART or Atlas cookie; third-party cookies can also be used to accurately track conversions across multiple ad networks, preventing multiple networks from claiming credit for a single customer acquisition. A minor disadvantage of third-party ad serving is latency; Google’s display advertising network has rejected third-party ad serving due, in part, to concerns over user experience (as well as user privacy).

Over the past several years, the ability to aggregate, track, and optimize data on end-user activity has been a key competitive advantage for many ad networks, as well as some large publishers like Yahoo!. Our research suggests that tracking and optimizing large amounts of user data will continue to be a competitive differentiator for networks for the foreseeable future. However, data exchanges like BlueKai and Exelate could increasingly democratize access to consumer insight going forward, potentially allowing innovative *de novo* players to compete on a level playing field with established ad networks, agencies, and large online publishers.

Performance-Based Advertising
Performance-based advertising networks such as Advertising.com, Epic Advertising, aQuantive's DrivePM, and ValueClick Media create value by providing advertisers with either explicit or implicit performance guarantees. Advertising.com and drivePM may sell advertising on a CPA basis, but guarantee payment to publishers on a CPM basis. In other words, these networks take risk on publisher inventory.

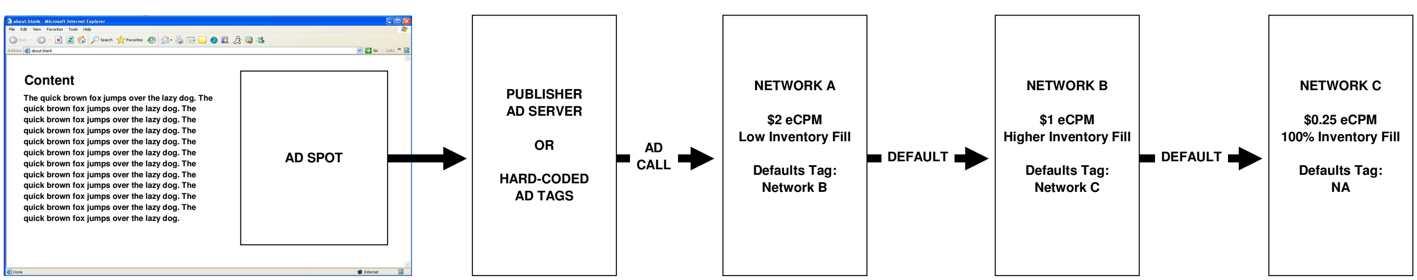
Network And Publisher Interaction
Pre-buy or dynamic advertising networks arrange to purchase publisher inventory on a go-forward basis. Site representation firms also sell premium inventory on a go-forward basis, acting essentially as an outsourced sales force.

With the exception of these arrangements, publishers and networks interact in real time. When an end-user visits a Web page, ad inventory is made available (assuming that the page includes an ad spot). If the spot cannot be filled with advertising sold by the site's internal sales force or by a pre-buy network or site-representation firm, the publisher submits an ad call to an ad network.

The ad network responds to the ad call either by serving an ad or defaulting. The ad network's decision regarding whether to serve an ad might be influenced by several factors, e.g., whether or not the network has cookie data for the user to whom the ad will be served, the network's assessment of whether or not the user/site meets campaign targeting/optimization criteria, the network's assessment of the likelihood of a desired action (given the site, user, and other factors), or whether there are campaigns that meet the publisher's minimum CPM requirement.

Default Management
As we noted earlier, a revenue-share ad network does not generally guarantee inventory fill, and will not serve an ad if it cannot meet advertiser requirements (in terms of targeting/frequency or ROI) or publisher requirements (in terms of minimum CPM). Yield-optimization firm Pubmatic has estimated that online advertising networks default on 56% of ad calls on average and that ad network default rates can be as high as 87%. Because revenue-share networks may default instead of serving an ad, a publisher may have to rely upon multiple ad network relationships to fill a large percentage of its non-premium inventory. In the past, publishers have typically managed multiple network relationships via a network daisy chain. **Exhibit 2.9** illustrates a potential example of a network daisy chain.

Exhibit 2.9: Ad Network Daisy Chain



Source: Company reports and ThinkEquity LLC

The daisy chain is essentially a static, prioritized queue of ad networks, where one network defaults to the next. The publisher provides "default tags" to each network that instruct the network on how it is to handle defaults (i.e., unfulfilled ad calls). An unfulfilled ad call may be handed off to another network down the chain or may be passed back to the publisher

(where it is typically filled by a house ad). In practice, the length of a network daisy chain is limited by latency—multiple ad call hand-offs before an ad is served result in delays in page loading and negatively affect the end-user experience.

The Daisy Chain

Different ad networks generally offer publishers a trade-off between a higher eCPM and a higher fill rate. Networks that sell inventory primarily on a CPM basis in many cases offer the most-attractive eCPM, but with a lower fill rate. The highest non-premium CPMs are typically associated with campaigns with specific reach or targeting criteria—e.g., a brand marketer may want to broadly reach every unique user on a network (and impose strict frequency caps to ensure that reach is achieved as efficiently as possible) or only users that meet specific geographic or behavioral/demographic targeting criteria.

As marketer criteria become more specific, fewer impressions of the campaign will be available for delivery into publisher inventory. Still, given the typically significant gap between the highest network CPM (typically $4-8+ per thousand) and the lower CPM for so-called run-of-network campaigns ($1-2 or less), publishers will generally attempt to maximize their exposure to the highest-paying networks with the highest-paying campaigns. However, if the inventory cannot be filled by such a network, publishers use default tags to pursue alternative inventory monetization.

Publishers may manage their ad network daisy chain(s) using a publisher ad-serving technology, a default management tool offered by an ad network partner, or manually by hard-coding ad tags into the source code of their pages. The process of ordering networks within a daisy chain is one of trial-and-error. A publisher will typically examine the eCPM delivered by its ad network partners in the past to inform its ordering of networks within the daisy chain. So, if Network A has previously delivered an eCPM of $2 on the publisher's non-premium inventory, while Network B has previously delivered an eCPM of $3 on similar inventory, Network B will usually be placed higher in the network daisy chain.

The Drawbacks Of Daisy Chain Default Management

There are several potential problems with daisy chain default management:

- **Structural Pricing Inefficiency.** In the example in **Exhibit 2.9**, Network A has, in the past, offered the publisher a $2 eCPM for its non-premium inventory. While this eCPM is higher than the $1 eCPM offered by Network B, Network B may be able to offer higher CPM on individual impressions than Network A. Because Network B is not allowed access to inventory unless Network A defaults, the publisher does not receive the highest-possible amount for each ad impression.
- **Daisy Chains Are Usually Static.** We believe that most daisy chain implementations utilized by online publishers are static. That is, once a publisher sets the default order of networks in the chain based on historical performance statistics, that ordering is maintained until the next time that the publisher reorders the queue. However, ad network performance and pricing vary in real time; the ordering chosen by the publisher may rapidly prove sub-optimal. Also, we believe that typical daisy chain implementations lack any decision capabilities—the chain cannot be reordered based on simple rules (e.g., for international traffic, prioritize international networks).
- **Latency.** The use of multiple third-party defaults can result in multiple ad call hand-offs before an ad is finally served. This may negatively affect page loading times and the end-user experience. Sites committed to user experience, such as Yahoo!, have avoided the use of third-party defaults in the past.
- **Dropped Hand-Offs.** Ad call hand-offs between networks may not be handled perfectly. For example, in **Exhibit 2.9**, if the publisher makes one million ad calls to Network A (the first network in the daisy chain), and Network A fills 500,000 ad calls and defaults on the rest, we would expect Network B (the second network in the daisy chain) to receive 500,000 ad calls. However, the second network may, in reality, only receive 450,000. Dropped ad call hand-offs between ad networks result in un-monetized inventory.
- **Perpetuates Competitive Status Quo.** The use of ad network daisy chains perpetuates the competitive status quo among ad networks. In the example in **Exhibit 2.9**, Network A will receive the first look at the publisher's inventory because it has paid the publisher the highest eCPM in the past. Receiving the first look at the publisher's inventory represents a significant competitive advantage. Because of this competitive advantage, Network A will likely be able to continue to offer the publisher higher eCPM than competitors (in this example,

Network B and Network C), thus maintaining its premier position in the daisy chain, thus maintaining its competitive advantage, and so on.

2.2 Non-Premium Spot Advertising Exchanges: A New Yield Management Paradigm

In our view, ad networks present a compelling value proposition for both marketers and publishers. However, it is also clear that the ad network marketplace suffers from significant inefficiencies:

- Daisy chain default management may prevent publishers from obtaining the highest-possible yield on each individual ad call.
- Daisy chain default management perpetuates the competitive status quo—the market leaders today possess outsized competitive advantages due to their typical positioning at the head of the chain (or, in the case of pre-buy networks, in front of the chain).
- Barriers to market success by innovative de novo players—while there are many small ad networks, it is relatively difficult for new, innovative ad networks to gain scale given the current organization of the marketplace. Scale begets further scale.
- Legacy network optimization/targeting strategies are in some cases antiquated or labor-intensive. More-efficient methods may be developed, but may have difficulty achieving scale, a crucial advertiser prerogative.
- Advertisers/publishers may desire increased transparency (although publishers that sell premium inventory through an internal sales force or site representation firm may prefer that advertisers lack transparency to avoid sales channel conflict).
- Sub-scale ad networks and ad brokers may trade among themselves in order to fill liquidity gaps. As each intermediary takes a commission, an outsized disconnect may emerge between what an advertiser pays for an ad spot and what a publisher receives.
- The leading ad networks have struggled to monetize undifferentiated social networking inventory (e.g., MySpace user profiles), which represents one of the fastest-growing sources of ad inventory online. 100%-fill networks have lacked ample scale/liquidity to serve as a go-to monetization mechanism for large social networking publishers. We note that several new networks and online marketing services companies such as Gigya, Clearspring, Lotame, and Media6°, among others, are working on solving this problem.
- Use of discrete cookies by multiple ad networks can result in duplication of unique users, impairing the effectiveness of frequency capping and making it more difficult for marketers to obtain reach and targeting goals efficiently.

Online advertising exchanges and auction-based online ad marketplaces have emerged as a response to some or all of these inefficiencies. Ad exchanges and auction-based networks operate real-time auctions for ad inventory. These models potentially offer a variety of benefits, including increased competition for publisher inventory and improved advertiser transparency and ROI.

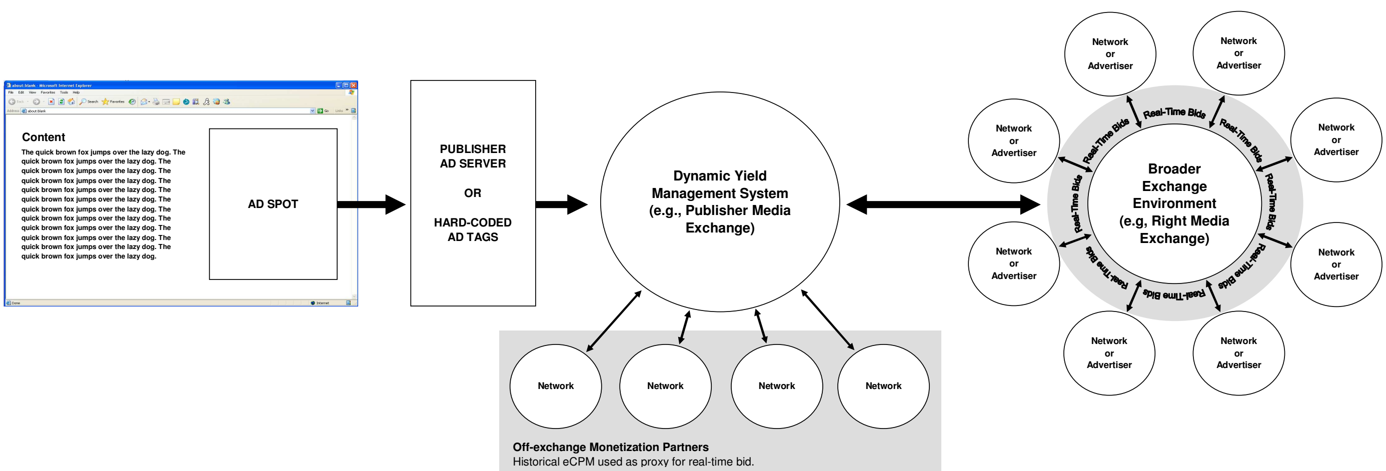
We believe that the distinction between online advertising exchanges and auction-based marketplaces is an important one. Among other differences, we believe the key distinction between the two models is level of openness in terms of technology and market participation. Marketplaces such as Turn, AdBrite, and ContextWeb may place explicit or implicit restrictions upon the roles of market participants. For example, ad network participation may be eliminated (as in the Turn Smart Market) or curtailed (ContextWeb's ADSDAQ allows networks to participate as buyers, but not as sellers). Additionally, auction-based marketplaces may impose proprietary targeting, bidding, and optimization algorithms or may feature a proprietary market-making or order matching function. In contrast, we characterize online advertising exchanges as fundamentally more open platforms, allowing (or tending to allow) participants to function variously as buyers, sellers, and market makers, and allowing (or tending to allow) market participants to apply their own technology to matters of targeting, bidding, and optimization. We note, of course, that "openness" is not an unalloyed good; open platforms may present certain drawbacks, as control may be limited and risk may be multiplied. However, assuming that technological

and process innovation keeps pace with associated market risks, we expect open ad exchange platforms to have broader market opportunity and impact than relatively closed or proprietary marketplaces.

Spot Ad Exchange Mechanics

Our description of spot advertising exchange models relates primarily to Right Media's Publisher Media Exchange (RMX), the DoubleClick Advertising Exchange (AdX), and the OpenX Market. In this model, a default yield management technology serves as an adjunct to traditional ad-serving technology. Each non-premium ad spot is auctioned off individually, and the highest bid wins. Publishers use the exchange's yield management technology to expose inventory to simultaneous, competitive demand from existing off-exchange ad network partners, and networks/advertisers that sit on the exchange. For off-exchange sources of demand (i.e., existing relationships with off-exchange network partners), historical eCPM delivered by the network partner serves as a proxy for a real-time bid. Bids from the broader pool of networks and advertisers that sit directly on the exchange are made in real time. Once bids have been made, the exchange determines the winning bid and serves the ad into the inventory, and may also perform other associated functions (e.g., cookie delivery, billing/clearing, etc.). We illustrate the non-premium spot advertising exchange model in **Exhibit 2.10**.

Exhibit 2.10: Spot Advertising Exchange Model



Source: Company reports and ThinkEquity LLC

Potential Benefits Of The Non-Premium Spot Advertising Exchange Model

We believe that the primary ad exchange model possesses multiple, distinct advantages versus the status quo.

- Publishers are paid the highest price available for each individual ad impression.
- The exchange model eliminates the issues of latency and dropped ad call hand-offs associated with daisy chain default management.
- The burden of publisher recruitment, development, and service shifts from ad networks to the exchange.
- Innovative solution providers can more-easily achieve scale. Barriers to market success and entry are effectively reduced.
- Use of a single third-party cookie (served by the exchange but used by multiple exchange participants in order to execute frequency caps and targeting) allows marketers to achieve broad reach and targeting objectives more efficiently.
- Development of "private" auctions within ad exchange platforms should help allay sales channel conflict concerns for publishers who rely on direct sales.

- Advertisers and agencies who are so inclined may take a more-direct role in purchasing non-premium display inventory, increasing advertiser/agency control, and alleviating fears over re-use of proprietary data by ad networks.
- Future innovations should give publishers more control over their inventory and the ability to offer futures contracts for guaranteed inventory.

Potential Challenges
Along with the straightforward advantages versus traditional non-premium yield management approaches, the primary ad exchange model carries potential drawbacks as well, in our view.

- Increased transparency for advertisers may result in channel conflict with premium inventory sales.
- Alternatives to full transparency exist, but these pose unique challenges of their own. For example, publishers may post inventory to exchange platforms on an anonymous basis, but doing so creates a significant information asymmetry wherein off-exchange network monetization partners remain privy to the identity of publishers while on-exchange buyers lack this information. We believe this would serve to effectively reinforce the status quo. Also, questions have emerged as to whether the level of anonymity offered by ad exchanges may be circumvented by buyers.
- In general, we believe that relatively little information regarding the characteristics of ad availability is offered to potential buyers via ad exchange platforms. For instance, even if inventory is offered on a transparent basis, buyers may lack important information regarding placement on the page, page content, ordinal value of the page view within the user session, etc. At least some of this information is commonly available to off-exchange monetization partners, again helping to reinforce the status quo.
- Widespread adoption of the primary ad exchange model is likely to be disruptive to some non-premium market incumbents. Some incumbents will adapt successfully to the new model, others will not. Market confusion and fear may deter or retard adoption on the buy side.
- Ad exchanges are likely to represent non-trivial technological challenges to market participants. Early on, we believe that most buyers on the Right Media Exchange took advantage of Right Media's dynamic bidding algorithm, but we believe that buyers will increasingly seek to develop proprietary bidding algorithms that leverage their data ownership. Beyond the challenge of developing such systems lies the challenge of running the systems at scale (potentially multiple billions of decisions per day) and at speed (decisions must be made and communicated to an auction process that will in all likelihood conclude in 100 milliseconds or less).
- In current incarnations, the exchange receives a percentage commission on the media buy, creating conflicts of interest between the exchange and inventory buyers. Ownership of exchanges by large media or marketing services companies may deter or retard adoption.

2.3 Yield Optimization Platforms: An Alternative Approach

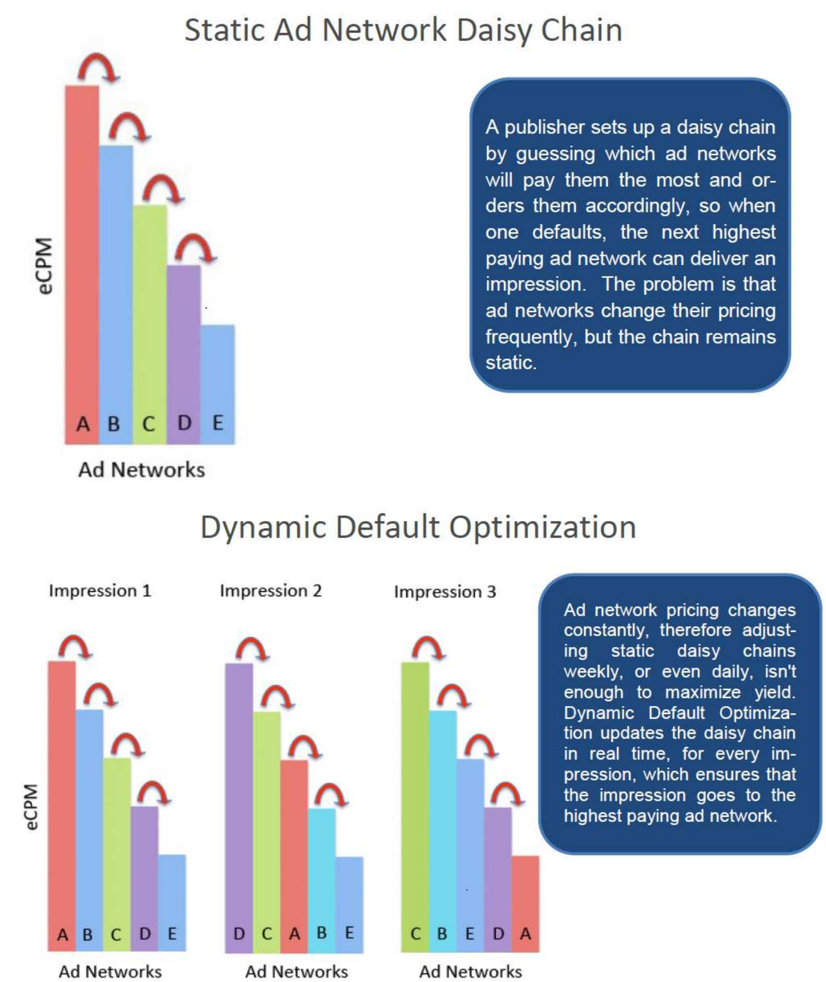
While we believe that non-premium spot advertising exchanges such as the DoubleClick Advertising Exchange, the Right Media Exchange, and the OpenX Market represent the most likely endgame for non-premium display inventory aggregation and yield management, we acknowledge that the migration of the non-premium display inventory aggregation function from networks to exchanges ultimately depends on advertiser, network, and publisher adoption, and represents a significant (but certainly not insurmountable, in our view) business development task for the non-premium exchanges. The exchange model will have to overcome marketplace inertia, publisher fears regarding sales channel conflict and commoditization, advertiser skepticism and fear over potential loss of control and brand risk, and network concerns over disintermediation or fear that participating on advertising exchanges could be viewed as a sign of weakening proprietary publisher footprint.

As such, we believe that relatively full penetration of the non-premium advertising exchange opportunity (admitting that some high-value and niche segments of the market will likely not adopt) could take several years or more. Until substantially all demand for non-premium display inventory is channeled through advertising exchanges, publishers (even

those who have already adopted advertising exchanges) face the challenge of continuing to manage off-exchange buyers and monetization partners for optimal yield. Non-premium yield optimization platforms have emerged in response to this continuing challenge.

Non-premium yield optimization platforms (leaders include Rubicon Project, Pubmatic, and AdMeld) essentially offer a rules-based ad serving system that may feature superior integration with online advertising networks to drive increased transparency into network monetization trends in near real time. From a mechanical standpoint, yield optimization is similar to the non-premium display daisy chain, but introduces two key improvements: 1) the ability to reorder to chain based upon inventory characteristics, and 2) integration with some network partners to provide increased visibility into pricing, which allows the ability to reorder the chain based on changing ad network performance. The result is the replacement of the static ad network daisy chain with a dynamic process that takes into account variations in inventory characteristics and ad network performance across time. This model, compared with the traditional ad network daisy chain, is illustrated in **Exhibit 2.11**.

Exhibit 2.11: Static And Dynamic Default Management Approaches



Source: Pubmatic

While we believe that yield optimization platforms represent an important transitional step toward the non-premium spot advertising exchange model, we believe that ad exchanges should offer superior yield/revenue by placing inventory decisions in the hands of buyers, rather than publishers. In our view, limitations placed on buyer transparency or ability to make allocation decisions represents an externality, the cost of which is typically borne by the seller. While we do not believe that yield optimization platforms represent the endgame for the market, the firms behind these technologies could

successfully transition toward the ad exchange model over time. We believe Pubmatic's introduction of an API for networks represents an early step in that direction.

Chapter 3: Company Profiles

We have detailed below profiles of public and private companies that operate businesses in the advertising network, marketplace, exchange or technology segments of the online media market space.

The images on the following pages are courtesy of the respective companies' Websites.

acerno
the add network

Name:	Acerno
Location:	New York City, NY
CEO:	Tom Sperry
Year Founded:	2004
Website:	www.acerno.com

Industry Segment: Behavioral Ad Network

Description: Acerno is a behavioral online advertising network whose technology aids vendors in delivering predictive targeted advertisements to online customers based on their past purchases. The company collects and analyzes data from a consortium of 450 brands and online retailers. By partnering with major online retailers, Acerno gains access to anonymous data on more than 140 million U.S. online shoppers and their online Web activity—on what they browse, add to an online shopping cart, or buy. Utilizing this data, the company delivers ads targeting the online buyer typically within 150 milliseconds.

Products / Solutions: Acerno's online shopping data cooperative uses predictive models that are fine-tuned to reach "in market" online shoppers across comScore-100 Websites. Acerno charges advertisers for providing relevant and targeted Ads; the company earns revenue on a per-sale basis. The company buys advertising inventory from publishers and, in turn, makes inventory available to advertisers based on established targeting criteria.

Target Markets: Multi-channel retailers and brand marketers

Customers: N/A

Investors: iBehavior

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

Other: The company was acquired by Akamai Technologies in October 2008, for $95 million in an all-cash deal.

adbid central

Name:	AdBidCentral
Location:	San Francisco, CA
CEO:	Vivek Veeraraghavan
Year Founded:	2004
Website:	www.adbidcentral.com

Industry Segment: Advertising Exchange

Description: Founded in 2006, AdBidCentral offers a technology platform for buying and selling premium display advertising inventory. Using patent-pending technology, AdBidCentral offers a one-stop destination for premium online publishers and media buyers. Marketplace participants can buy and sell "premium" inventory according to the needs of premium marketers—including guarantees regarding volume, dates, dayparts, placement, and/or content adjacency.

Products / Solutions: AdBidCentral provides its marketplace participants with complete control over placement-specific price negotiation, campaign execution, optimization, and reconciliation. The platform offers more than 1.5 billion monthly impressions across more than 250 leading Web sites.

Target Markets: Premium online publishers/marketers in multiple endemic categories

Market Participants: Publishers include CareerBuilder, Comcast, Myyearbook, Bravenet Media, Dictionary.com, Break.com, SFGate.com, and Film.com.

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	Angels

Total Capital Raised: N/A

Other: AdBidCentral has forged strategic partnerships with comScore Networks and 24/7 Real Media Networks.

Name:	AdBrite
Location:	San Francisco, CA
CEO:	Iggy Fanlo
Year Founded:	2003
Website:	www.adbrite.com
Industry Segment:	Ad Network/Marketplace
Description:	AdBrite operates a leading online advertising marketplace where advertisers can bid on advertising opportunities across AdBrite's extensive network of nearly 100,000 publishers. AdBrite enables advertisers to use multiple targeting criteria and to choose specific sites to advertise on, providing marketers more enhanced transparency and control.
Products / Solutions:	The latest version of AdBrite's marketplace gives advertisers a number of ways to set up targeted ad campaigns including by location, category, keyword, and demographic characteristics. AdBrite offers advertisers traditional banner and text ad formats, as well as AdBrite's BritePic (text-in-video), InLine (in-text), InVideo (broadband video), and Full Page (interstitial) ad formats. AdBrite offers access to nearly 100,000 publisher sites, reaching more than 89 million unique users every month. The company serves approximately 318 million ad impressions daily.
Target Markets:	Adbrite offers marketing and monetization opportunities across dozens of endemic categories including shopping, news, sports, health, games, travel, etc.
Market Participants:	Lycos, Digg, Yahoo!, eBay, VH1, Fox News, Classmates.com, Huffington Post, Hi5, Heavy.com, CBS Interactive, etc.
Investors:	Sequoia Capital, Artis Capital Management

Financing History:

Date	Amount Raised	Investors
9/04	$4M	Sequoia Capital
2/06	$8M	Artis Capita Management; Sequoia Capital
11/07	$23M	Artis Capita Management; Sequoia Capital

Total Capital Raised:	$35M
Other:	The company was founded by Philip Kaplan.

AdBuyer.com

Name:	AdBuyer.com
Location:	New York, NY
CEO:	Tim Ogilvie
Year Founded:	2007
Website:	www.adbuyer.com
Industry Segment:	Ad Exchange Management
Description:	Founded in 2007 as Soothware, AdBuyer.com is a search and display ad management technology that offers self-service ad creation and ad exchange buying tools.
Products / Solutions:	The company's display ad exchange management tools allow advertisers to easily access online advertising exchanges (including Right Media, the DoubleClick Advertising Exchange, and the OpenX Market) and manage exchange buys according to various targeting and optimization criteria. The company's AdBuilder self-service ad creation tool allows small advertisers to choose and customize advertising templates to quickly and easily launch display advertising campaigns. The company also offers self-service tools for management of search and contextual campaigns across Google, Yahoo!, and MSN Search.
Target Market:	Online advertisers and ad agencies
Investors	WGI Group, Click Ventures

Financing History:

Date	Amount Raised	Investors
NA	NA	NA

Total Capital Raised: NA

ADCHEMY

Name:	Adchemy
Location:	Redwood City, CA
CEO:	Murthy Nukala
Year Founded:	2004
Website:	www.adchemy.com

Industry Segment: Ad Targeting and Data Solutions

Description: Adchemy builds targeting solutions for advertisers active in the lead-generation and direct marketing spaces online, combining complex algorithms with data available via the Web to produce superior ROI-based customer acquisition results for its clients.

Products / Solutions: The company's lead product, Adchemy Actions, caters to clients looking for qualified customers in the financial and education markets but can be customized to suit other verticals. Adchemy converts data about millions of Web visits into valuable interactions for its customers, helping advertisers improve overall conversion and lead quality at an economical cost-per-acquisition. The Adchemy Digital Marketing Platform includes a complete, integrated technology platform for performance marketing in the search, display, and email categories. According to the company, Adchemy's solutions can simultaneously lower cost per completed sale by 20-30%, increase lead volume up to 5x, and improve the conversion and eCPM rates on display advertising by up to 30%.

Target Markets: Education and mortgage lead generation

Customers: Clients include Charter One and Capella University.

Financing History:

Date	Amount Raised	Investors
12/05	$6.35M	August Capital
1/08	$19M	August Capital, Mayfield Fund, Hellman & Friedman

Total Capital Raised: ~$27M

Name: Adconion Media Group

Location: Santa Monica, CA

CEO: T. Tyler Moebius

Year Founded: 2005

Website: www.adconion.com

Industry Segment: Diversified Ad Network

Description: Adconion Media Group is one of the largest independent global advertising and content networks in the world. Adconion provides agencies with customized technology and ad products while delivering massive global reach across multiple platforms through a single network. Adconion reaches nearly 300 million unique users worldwide; one-third of the total global Internet population. Adconion has 13 offices globally and more than 270 employees.

Products / Solutions: Adconion provides agencies and marketers with tools and expertise to effectively build, manage, and optimize performance-oriented online marketing campaigns with high reach. The company offers a variety of pricing models, including CPM, CPC, CPA, cost per view, and revenue share. Targeting options include geographic, demographic, daypart, and behavioral targeting, and site- and search-based retargeting.

Target Markets: Adconion offers advertising and monetization opportunities across dozens of endemic marketing categories

Customers: N/A

Financing History:

Date	Amount Raised	Investors
2/08	$80M	Index Ventures, Wellington Capital
3/07	N/A	Wellington Capital

Total Capital Raised: ~$85-90M

Other: Adconion acquired Frontline Direct for $20 million in March 2008.

Name: AdGent 07

Location: San Francisco, CA

CEO: Cammeron Yuill

Year Founded: 2004

Website: www.adgent007.com

Industry Segment: International Ad Network and Sales Representation

Description: AdGent 007 is a digital media services company that enables global publishers and advertisers to connect in a global marketplace. AdGent is focused on minimizing inefficiency in the branded online advertising market related to online publishers' sales run of site (ROS) advertising without disclosure of how many ads are likely to be seen outside an advertiser's target market.

Products / Solutions: AdGent 007's products and services are focused on minimizing and/or eliminating wasted ad budgets due to ineffective geographic targeting. For brand advertisers, AdGent 007 provides more opportunities to reach their target markets wherever that may be around the world and on the Internet. For publishers with significant amounts of international traffic coming from outside their normal sales territories, AdGent 007 serves as an extension of in-house sales teams, helping to monetize international traffic at premium rates.

Target Markets: Premium online publishers and brand advertisers with global operations.

Market Participants: Publishers include Telegraph Media Group and Independent News & Media.

Financing History:
US$ in millions

Date	Amount Raised	Investors
N/A	Seed Capital	One Ventures
3/08	$5.3M	CM Capital

Total Capital Raised: ~$6M

Other: Advisors include former IAB Chairman, Greg Stuart, and GroupM Interaction CEO, Rob Norman.

ADiFY

Name:	Adify
Location:	San Bruno, CA
CEO:	Russ Fradin
Year Founded:	2005
Website:	www.adify.com
Industry Segment:	Ad Network/Technology Platform
Description:	Adify is the leading self-service technology platform for start up and established online publishers seeking to develop their own ad networks. In addition to the technology platform, Adify provides its customers with the back-office services necessary to run an ad network.
Products / Solutions:	Adify's technology platform provides ad management, tracking, reporting, billing, payment, and merchandising functions for online publishers seeking to sell advertising across multiple third-party and/or owned-and-operated sites. Adify's service offering allows publishers to qualify prospective customers, negotiate ad rates, and filter out unwanted advertisers/advertisements.
Target Markets:	Adify operates in dozens of endemic content segments
Customers:	Clients include Guardian, Forbes.com, NBC, Hot Chalk, WeatherPlus, and Martha Stewart Living Omnimedia.

Financing History:

Date	Amount Raised	Investors
8/06	$8M	Venrock
4/07	$19M	US Venture Partners, Peacock Equity, Time Warner, General Electric

Total Capital Raised:	$27M
Other:	Adify was acquired by Cox Communications Enterprises on April 29, 2008 for $300 million.

adknowledge

Name:	Adknowledge
Location:	Kansas City, MO
CEO:	Scott Lyn
Year Founded:	2003
Website:	www.adknowledge.com
Industry Segment:	Ad Network/Marketplace
Description:	Adknowledge develops online ad management solutions that enable online publishers to serve more-relevant and targeted ads to their users and help marketers generate higher returns on their advertising investments. The company utilizes proprietary targeting technologies across a variety of online advertising channels to help its clients achieve their goals. The company has more than 140 employees with offices in London, Sydney, San Francisco, New York, Los Angeles, and Kansas City, Missouri.
Products / Solutions:	Adknowledge's main product is its pay-per-click (PPC) ad network. Ads are routed through the company's proprietary technology platform, which identifies target users/customers and delivers each ad based on geographic, demographic, algorithmic, and other targeting criteria. The company's Click Scoring technology evaluates the conversion propensity of each target user and charges different PPC rates depending on the customer category being targeted. Adknowledge's technology systems operate without any personally identifiable information (non-PII data) and work with over 200 million data points and 10,000 terabytes of storage to serve custom ads to each individual user.
Marketing Channels:	Sources of traffic include e-mail, social media, affiliate networks, search advertising, messaging ads, and display advertising.
Customers:	N/A

Financing History:

Date	Amount Raised	Investors
3/06	$48M	Technology Crossover Ventures

Total Capital Raised:	$48M
Other:	Adknowledge acquired the media division of MIVA in March 2009 for $11.6 million and the ad network business of Lookery in November 2008 for an undisclosed sum.

ADMELD

Name:	AdMeld
Location:	New York, NY
CEO:	Michael Barrett
Year Founded:	2007
Website:	www.admeld.com

Industry Segment: Yield Optimization

Description: AdMeld enables publishers to automate and optimize their use of ad networks and exchanges in real time. Using AdMeld, publishers can work with hundreds of ad networks, driving increased demand and maximizing monetization for available discretionary inventory. Once installed, AdMeld can also save publishers money by reducing the resources required to pull reports, evaluate data, and optimize advertising campaigns in traditional ad servers.

Products / Solutions: AdMeld's technology platform performs many of the functions and tasks that a publisher's ad operations group would normally perform. AdMeld evaluates publisher non-premium inventory, routing impressions to ad networks based on which network can deliver the highest effective CPM. AdMeld uses data from multiple sources including publisher systems, historical ad network performance and ad exchanges to determine eCPM forecasts. The company also recently launched FireMeld, a browser extension built specifically for ad operations professionals using AdMeld. FireMeld helps publishers identify the source of every network ad on their sites, including those that may cause channel conflict, are slow to load, inappropriate, etc., automating a previously painstaking process for ad operations professionals.

Target Market: Large online publishers with > 250M monthly impressions

Customers: N/A

Financing History:

Date	Amount Raised	Investors
11/08	$7M	Foundry Group, Spark Capital

Total Capital Raised: ~$7M

Other: Admeld was founded by Ben Barokas and Brian Adams.

admob

Name:	AdMob
Location:	San Mateo, CA
CEO:	Omar Hamoui
Year Founded:	2006
Website:	www.admob.com
Industry Segment:	Mobile Ad Network
Description:	AdMob is a mobile advertising platform that connects advertisers with mobile publishers and provides ad serving, optimization, and campaign tracking services.
Products / Solutions:	AdMob allows advertisers to create ads, choose landing pages, and target their ads based on locations, carriers, phone platforms, and phone manufacturers. The company offers ads run on an auction-based pricing system across various mobile content channels, including contextual search, downloads, entertainment, and portals. Admob also offers landing page optimization. The company's latest product, AdMonitor, shows real-time data of the users viewing mobile ads around the world. The product is blended with Google Maps and provides statistics including the device the ad is viewed on and the network carrier.
Target Market:	Admob works with thousands of online publishers and advertisers to place mobile advertising in 160 countries.
Customers:	Clients include ESPN, CBS, Geico, and Starbucks.

Financing History:

Date	Amount Raised	Investors
9/06	$4M	Sequoia Capital
3/07	$15M	Accel Partners, Sequoia Capital
10/08	$15.7M	Accel Partners, Sequoia Capital
1/09	$12.5M	Draper Fisher Jurvetson, Northgate Capital

Total Capital Raised: ~$47M

ad pepper
the e-advertising network

Name:	ad pepper media
Location:	Germany
CEO:	Ulrich Schmidt
Year Founded:	N/A
Website:	www.adpepper.com
Industry Segment:	International Ad Network and Technology Provider
Description:	ad pepper is one of the leading international providers of online marketing solutions. The company offers agencies, advertisers, and Web publishers online advertising services including premium brand display advertising, performance-based marketing, email and affiliate marketing, and SEO/SEM. The company offers advertisers multiple pricing models including CPM, CPC, and CPL. ad pepper also offers publishers ad serving solutions. The company operates 16 branches in 10 European countries and the USA.
Products / Solutions:	ad pepper's products include media squares for brand advertising, iLead for CPA campaigns, iSense for contextual and semantic targeting, mail pepper for email marketing, webgains for affiliate marketing, emediate for ad serving, and adgents for SEO/SEM.
Target Market:	Leading global online marketers and publishers.
Customers:	Clients include Shopping.com, Nokia, Dell, T-Mobile, Orange, Toyota, Renault, Snapfish, Royal Bank of Scotland, VistaPrint, Viking, and Nissan among others.

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised:	N/A
Other:	adpepper shares are traded on the Frankfurt Stock Exchange under the symbol (SIN: 940 883).

AdReady

Name:	AdReady
Location:	Seattle, WA
CEO:	Aaron Finn
Year Founded:	2006
Website:	www.adready.com
Industry Segment:	Ad Technology – Display Optimization
Description:	AdReady was founded with the goal to develop a better way to execute online display advertising that works for marketers at all levels of expertise and all budgets. AdReady's technology enables small business marketers and large corporations with local franchises to cost-efficiently run, manage, and optimize display advertising campaigns across the Internet. The company offers customers a data-rich library of proven display advertising creatives with real-time ad customization and optimization tools, managed via an intuitive Web-based interface. Using AdReady, small business marketers can build and execute online advertising campaigns in minutes and at a fraction of the cost typically charged by digital agencies.
Products / Solutions:	AdReady is a Web-based application for managing display advertising campaigns—from creating the ads to managing and tracking their progress across major online publishers and ad networks. AdReady typically charges customers 10-20% of their media spend to use its software.
Target Market:	Small business advertisers and large national corporations with regional/local franchises
Customers:	Clients include Redfin, Career Education Corporation, and Alaska Airlines, among others.

Financing History:

Date	Amount Raised	Investors
N/A	$2M	Madrona Venture Group
12/07	$12	Bain Capital, Khosla Ventures, Madrona Venture Group

Total Capital Raised: $14M

Name:	AOL
Location:	New York, NY
CEO:	Tim Armstrong
Year Founded:	1983
Website:	www.aol.com

Industry Segment: Diversified online media and marketing services: search, display and rich media advertising, display and contextual advertising networks, mobile ad network, ad serving, and ad exchange (announced).

Description: AOL is a leading global ad-supported Web company, with a comprehensive display advertising network in the U.S., a suite of popular Web brands and products, and a leading social media network. The company's strategy focuses on growing the size, engagement, and monetization of its worldwide audience by providing relevant content and advertising to consumers across the Web.

Products / Solutions: AOL is a leading online media publisher, provider of Internet access services, and third-party content monetization network. The company's network of Web properties and products reaches more than 109 million U.S. unique visitors, and includes the AOL.com home page, AOL Web mail, AIM and ICQ instant messaging platforms, social network Bebo, the MediaGlow portfolio of vertical sites and commerce channels, among other properties. The company's Platform-A business is a leading digital advertising platform, reaching more than 90% of domestic online consumers. Platform-A includes the AOL media network, Advertising.com ad network, TACODA behavioral network, Quigo contextual advertising platform, ADTECH ad serving technology platform, Third Screen Media mobile advertising network, and buy.at affiliate network. In 1H09, the company plans to launch BidPlace, a self-service bidded marketplace for advertisers.

Target Market: Consumers, advertisers, and online publishers.

Selected M&A:

Date	Target	Notes
03/08	Bebo	Online social network; acquired for $850 million
02/08	buy.at	UK-based affiliate marketing network
11/07	Quigo	Contextual advertising technology platform and ad network
07/07	TACODA	Behavioral ad network; acquired for $275 million
05/07	ADTECH	Ad serving technology platform
05/07	Third Screen Media	Mobile advertising network
10/05	Weblogs	Portfolio of blogs; acquired for $25 million
06/04	Advertising.com	Leading display ad network; acquired for $435 million

appssavvy
where brands and apps socialize

Name:	Appssavvy
Location:	New York, NY
CEO:	Chris Cunningham
Year Founded:	2007
Website:	www.appssavvy.com
Industry Segment:	Social Media Monetization and Ad Sales Representation
Description:	Appssavvy provides social media publishers and developers with a direct sales team that is focused exclusively on monetizing the publishers' and developers' sites and applications through premium display advertising.
Products / Solutions:	Appsavvy represents hundreds of social media publishers/application developers and connects them with leading brand advertisers and agencies. Appssavvy provides advertisers with contextually-relevant and targeted media opportunities that reach large audiences (100M+ UVs) in brand-safe social media environments and across a number of endemic vertical categories.
Target Market:	Social media publishers and application developers seeking to monetize their inventory and brand advertisers interested in advertising in safe social media environments.
Customers:	Clients include Kohl's, A&E, TBS, and Adidas, among others.

Financing History:

Date	Amount Raised	Investors
10/08	$3M	True Ventures, The New York Times Company

Total Capital Raised: $3M

AudienceScience

Name:	Audience Science
Location:	Bellevue, WA
CEO:	Jeff Hirsch
Year Founded:	2000
Website:	www.audiencescience.com
Industry Segment:	Behavioral Ad Network
Description:	AudienceScience is a technology-centric media company focused on behavioral marketing. The company's behavioral targeting platform collects and measures users' interests and intent through their activities on the Web—the sites they visit, the articles they read, the searches they perform, etc. The non-personally identifiable data collected by the company are parsed, analyzed, and stored in massive data warehouses. AudienceScience then segments users into qualified audiences that can be reached anywhere across the company's extensive network of online publishers.
Products / Solutions:	AudienceScience has two main products. The first is a white-label behavioral targeting technology platform that large publishers can license to conduct behavioral targeting across their owned-and-operated properties. The second is a behavioral targeting ad network that leverages AudienceScience's technology and intellectual property to deliver high-converting customers to its advertiser clients while generating significantly higher eCPMs for the company's publishing partners.
Target Market:	Large online publishers and leading brand advertisers.
Customers:	Brands advertising clients include Toyota, Ford, Best Buy, Citi, Bankrate, Novartis, Dell, AT&T, Verizon, Hyatt, eBay, Amazon, and ESPN, among others. Publishing partners include Autobytel, Edmunds.com, *USA Today*, Sports Illustrated, People.com, ABC News, Time, and The Weather Channel, among others.

Financing History:

Date	Amount Raised	Investors
12/05	$24M	Meritech, Mayfield Fund, Mohr Davidow Ventures, Integral Capital Partners, Second Avenue Partners

Total Capital Raised:	N/A
Other:	Formerly known as Revenue Science.

auditude

Name:	Auditude
Location:	Palo Alto, CA
CEO:	Adam Cahan
Year Founded:	2008
Website:	www.auditude.com

Industry Segment: Online Video Technology and Monetization Platform

Description: Auditude is an end-to-end solution for premium video monetization on the Web. For publishers, Auditude offers an ad platform to generate revenue from premium video content on their sites and for managing complex video monetization rights. For content owners, the company enables syndication across the Internet while maintaining control over video assets and advertising. Advertisers and networks benefit because Auditude enables them to reach previously difficult-to-find online video audiences at scale in “brand safe” environments.

Products / Solutions: The Auditude technology platform uses patented audio and video fingerprinting technology to analyze video content on user-generated content sites, match those videos with professionally created content in its database of 250M videos, tag clips that match, and enable advertising on tagged videos when viewed by users across the Internet. For publishers and content owners, the Auditude technology simplifies multi-party sales, improves ad targeting, and provides real-time reporting. Advertisers can choose from several video ad formats including overlays, in-stream video, pre (or post) roll, playlist, and companion banners.

Target Market: User-generated content sites (Youtube, Myspace, etc.), media conglomerates, video content producers/owners, and large brand advertisers.

Customers: Clients include Warner Brothers, MTV, Comedy Central, and Myspace, among others.

Financing History:

Date	Amount Raised	Investors
N/A	$9.5M	Greylock, Angels
3/09	$10.5M	Greylock, Redpoint Ventures

Total Capital Raised: ~$20M

bluekai

Name:	BlueKai
Location:	Bellevue, WA
CEO:	Omar Tawakol
Year Founded:	2007
Website:	www.bluekai.com
Industry Segment:	Data Exchange

Description: BlueKai manages an online data exchange, designed to allow participants to buy and sell non-PII consumer intent data. Unlike ad networks, BlueKai does not sell advertising inventory. Instead, BlueKai provides data on demand for marketers, ad networks, and publishers to boost the quality and scale of ad targeting initiatives. By separating data (which directly influences targeting capabilities) from media (where ads show up), BlueKai is empowering exchange buyers to enhance ad targeting and in-market segmentation. BlueKai publishers are able to create new revenue streams from the data they sell through the exchange.

Products / Solutions: The BlueKai Data Exchange aggregates anonymous (non-PII) consumer intent data from more than 100 million unique users and holds real-time auctions enabling buyers to boost ad targeting quality and publishers to monetize their proprietary data. The exchange is currently focused on the retail, auto, and travel categories. Through the BlueKai Registry, consumers have the ability to edit their online preferences or opt out of BlueKai completely.

Target Market: On the sell side, large online publishers and ecommerce merchants. On the buy side, leading brand advertisers, direct response marketers, and ad networks.

Customers: The company's buyers include half of the top 20 online display and video ad networks and several top publishers. Publishing partners include top online travel transaction sites, online retailers, and auto research destinations.

Financing History:

Date	Amount Raised	Investors
12/07	$10.5M	Redpoint Ventures
12/08	$3.2M	Battery Ventures

Total Capital Raised: $13.7M

Other: BlueKai tracks approximately 450M data stamps every day and sees data on 67M retail buyers, 18 million car buyers, and 20 million travel planners every month.

Brand.net
Quality, Scale and Value. Guaranteed.™

Name:	Brand.net
Location:	San Mateo, CA
CEO:	Elizabeth Blair
Year Founded:	2007
Website:	www.brand.net

Industry Segment: Premium Ad Network

Description: Brand.net is one of the first Internet ad networks focused exclusively on brand advertising (as opposed to direct response). The company offers brand advertisers and agencies scalable campaigns across hundreds of premium publishers, increasing efficiency and decreasing cost without compromising inventory quality or results.

Products / Solutions: Brand.net's proprietary forecasting and pricing technology guarantees delivery in top-quality display inventory at competitive prices by predicting the volatile "spot market" and accessing top-quality inventory that may otherwise be under-monetized by publishers. Proprietary delivery management technology provides smooth, guaranteed delivery with managed reach and frequency to minimize waste. The company's SafeScreen™ product is a proprietary page-level image and keyword content filtering technology that ensures campaigns are placed next to "brand-safe" content. Brand.net does not pre-buy or "rep" publisher inventory—each campaign is configured to advertiser specifications. The company also offers a broad array of tools to help marketers measure the impact of campaigns on brand awareness, site visitation, engagement, purchase intent, and even in-store sales through its SalesLink™ product. Brand.net offers written guarantees for delivery, inventory quality, audience GRPs, content adjacency, and CPM rates.

Target Market: Large global brand advertisers.

Customers: Leading (Top 100) brand advertisers in the automotive, entertainment, CPG, finance, retail, technology, telecom, and travel categories.

Financing History:

Date	Amount Raised	Investors
11/07	$3M	Interwest Partners
8/08	$10M	Norwest Venture Partners, Interwest Partners

Total Capital Raised: $13M

Other: The company's founders came from Yahoo!'s Business Operations, Global Sales, and Pricing & Yield Management groups.

Name:	BrightRoll
Location:	San Francisco, CA
CEO:	Tod Sacerdoti
Year Founded:	2007
Website:	www.brightroll.com
Industry Segment:	Video Ad Network
Description:	BrightRoll is a video ad network comprised of more than 300 premium publisher Websites and more than 50 leading brand advertisers. The BrightRoll network generates approximately 500 million video views every month, and BrightRoll serves approximately 100 million video ads each month across its network.
Products / Solutions:	The BrightRoll ad network offers brand marketers the opportunity to advertise to 94 million unique users in the U.S. that generate three billion video views every month. BrightRoll offers advertisers behavioral, demographic, geographic, and contextual targeting across approximately 300 premium online publishers. The company's proprietary campaign execution, inventory management, and advertising delivery technology provide brands and agencies with the reach, frequency, and scalability needed to achieve custom campaign goals.
Target Market:	Large global brand advertisers and video publishers.
Customers:	Advertisers include Zenith Optimedia, HP, Microsoft, and *National Geographic,* among others. Publishers include Hulu, Fox, CBS, A&E, *Washington Post*, and CNET, among others.

Financing History:

Date	Amount Raised	Investors
11/06	N/A	True Ventures
10/07	$5M	Adams Street Partners, True Ventures

Total Capital Raised: N/A

Name: Broadband Enterprises

Location: New York, NY

CEO: Matt Wasserlauf

Year Founded: 2007

Website: www.broadbandenterprises.com

Industry Segment: Video Ad Network

Description: Broadband Enterprises (BBE) is a video ad network comprising more than 2,200 publisher Websites and more than 150 premium brand advertisers. In addition to the core video ad network, BBE syndicates content across a network with partners such as Comcast, MSNBC, Washington Post-Newsweek Interactive, and others. The company also creates originally produced branded programming and offers two proprietary technology products: Vindico, a campaign management system, and CDE, a contextual distribution engine.

Products / Solutions: The company's ad network offers brand marketers the opportunity to advertise to 58 million unique users though one billion traditional pre-roll video views every month. BBE offers advertisers contextual and geographic targeting on 2,200 premium online publishers. Through its syndication platform, BBE distributes content and video advertising across publishers such as iVillage, BusinessWeek, and The Washington Post Company, among others. The company's VINDICO product offers campaign management and reporting features/services to advertisers, publishers, and content syndication customers, including digital ad-serving, tracking, reporting, contextual, and behavioral content distribution.

Target Market: Large global brand advertisers and video publishers.

Customers: Advertisers include Coca-Cola, P7G, Toyota, AT&T, HP, American Express, Honda, Sony and Pfizer, to name a few. Publishing partners include Yahoo!, Hulu, Fox News, Weatherbug, and Warner Brothers, among others.

Financing History:

Date	Amount Raised	Investors
1/08	$10M	Velocity Interactive Group

Total Capital Raised: $10M

BUDDY MEDIA

Name:	Buddy Media
Location:	New York, NY
CEO:	Michael M. Lazerow
Year Founded:	2007
Website:	www.buddymedia.com

Industry Segment: Social Media Advertising

Description: Buddy Media develops custom social media applications for large brand marketers. These so-called "app-vertisements" have become among the most-effective ways for brand marketers to advertise on social networks like Facebook and Myspace. Users of Buddy Media branded applications have an average engagement time of more than 2.5 minutes per visit and 84% return to use applications more than once.

Products / Solutions: Buddy Media offers brand advertisers a number of services from media planning, custom application development, and app distribution and promotion. The company's "BuddyBrain" technology platform enables marketers to manage, track, and optimize their social media advertising campaigns against guaranteed campaign goals.

Target Market: Large brand marketers with distribution through social networking applications and destination sites.

Customers: Bacardi, FedEx, HBO, Hollywood.com, Instyle.com, Paramount, Priceline.com, and Reader's Digest, among others.

Financing History:

Date	Amount Raised	Investors
1/07	N/A	Roger Ehrenberg
9/07	$1.5M	N/A
4/08	$6.5M	Softbank, European Founders Fund, Greycroft Partners

Total Capital Raised: ~$8M

Other: Acquired Facebook branded application Acebucks in 2007 and five additional Facebook apps from ChipIn, Inc. in 2008.

BurstMedia

Name:	Burst Media
Location:	Burlington, MA
CEO:	Jarvis Coffin
Year Founded:	1995
Website:	www.burstmedia.com
Industry Segment:	Diversified Ad Network

Description: Burst Media provides products and services for Web publishers that help them attract and meet the needs of advertisers. Historically, it has focused on sales representation services to specialty Web publishers. However, more recently, the company has moved into the direct response and ad exchange markets. In aggregate, BurstMedia is the 17th largest ad network in the U.S., with 109 million unique users, more than 6,000 publishers, 500 advertisers, and approximately five billion display impressions served every month. Burst Media is headquartered in Burlington, Massachusetts, and offers ad network services in the UK as well as in the United States.

Products / Solutions: The Burst Network is a sell-side site representation business where Burst sells ad inventory on behalf of specialty-content Web publishers to brand-focused advertisers. Burst Direct aggregates and optimizes inventory from a larger field of publishers for large-scale direct response marketers. Through its technology division, Burst offers an ad network management platform called adConductor that enables publishers to create and manage ad networks and reach extension products. The company also enables networks and publishers using adConductor to buy and sell inventory through the adConductor Inventory Exchange.

Target Market: Mid-tail specialty publishers and large brand marketers.

Customers: Advertising clients include Adidas, AllState, GM, Ask.com, Disney, ESPN, Microsoft, NY Times, Sony, State Farm, Walgreens, Wal-Mart, and The Wall Street Journal, among others. Burst publishers include Answers.com, RedOrbit, Neopets, Eons, Cooks.com, Salary.com, and Babycenter, to name a few.

Financing History:

Date	Amount Raised	Investors
2/00	$15M	Summit Partners

Total Capital Raised: N/A

Other: Burst shares trade on the AIM exchange in London under the ticker BRST.

Name:	Casale Media
Location:	Toronto, ON
CEO:	Joe Casale
Year Founded:	2003
Website:	www.casalemedia.com
Industry Segment:	Diversified Ad Network
Description:	Casale Media is a diversified ad network that sells inventory on behalf of mid-tail Web publishers to brand advertisers and direct response marketers. In aggregate, Casale is the ninth-largest ad network in the U.S., with 132 million unique users (200M worldwide), roughly 4,000 publishers, and approximately 30 billion display impressions served every month. The company offers a number of targeting capabilities (e.g., behavioral, demographic, geographic, contextual, etc.) and pricing models (e.g., CPC, CPM, CPA) for its advertising customers.
Products / Solutions:	MediaNet is Casale's global network of mid-tail Websites. MediaNet includes approximately 4,000 publishers, which Casale segments into 100+ content channels for brand advertisers. The company also offers a run of network products across MediaNet for direct response marketers. The company's proprietary technology platform, Optimax, helps advertisers manage, deliver, and optimize their campaigns across MediaNet.
Target Market:	Mid-tail publishers, brand advertisers, and direct response marketers.
Customers:	N/A

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

centro

Name: Centro
Location: Chicago, IL
CEO: Shawn Reigsecker
Year Founded: 2001
Website: www.centro.net

Industry Segment: Local Ad Network

Description: Centro manages an ad network that helps national, regional, and local ad agencies plan and buy local online media advertising. The Centro network is made up of approximately 8,500 local online publishers and reaches 73 million unique users in the U.S., according to comScore. The company offers agencies and local marketers geographic and contextual targeting capabilities across a number of ad formats, including standard text, display, video, and mobile.

Products / Solutions: Centro's proprietary technology platform, Transis, streamlines the process of planning, negotiating, trafficking, and billing for agencies. Transis facilitates the entire ad campaign process and reduces campaign implementation time.

Target Market: Local online ad agencies and publishers.

Customers: Clients include Obama for America, Epson, Paramount, Lexus, Michigan Economic Development, and Outback Steakhouse, among others.

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

Other: Centro acquired Real Cities from McClatchy in August 2008. Real Cities operates one of the largest online newspaper buying services and enhances Centro's distribution network.

choicestream

Name:	Choice Stream
Location:	Cambridge, MA
CEO:	Steve Johnson
Year Founded:	2000
Website:	www.choicestream.com

Industry Segment: Dynamic Ad Targeting Technology

Description: ChoiceStream delivers dynamic, personalized product recommendations and display ads that increase purchases and customer engagement for brand advertisers and direct response marketers. ChoiceStream uses actual consumer shopping data (provided by its customers and independent third-party data providers) to make specific product recommendations based on what each consumer is most likely to buy next.

Products / Solutions: ChoiceStream offers its technology to customers through a fully-hosted service. There is no costly investment in IT infrastructure or hardware to maintain. According to blind A-B tests the company has run, ChoiceStream can help its customers drive 3-5x more revenue through the use of its personalized display ads. Recent customer results have included a 75% lift in sales conversion for the shopping service of a major online portal, a greater than 30% improvement in customer acquisition for a leading entertainment retailer, a 15% uplift in ARPU for a discount retailer, a 600% increase in click through, a 240% increase in average session length, and a 300% increase in site traffic for a major portal.

Target Market: Large online and offline marketers

Customers: Clients include Yahoo!, Borders, Overstock, AT&T, Comcast, and Blockbuster, to name a few.

Financing History:

Date	Amount Raised	Investors
2/05	$7M	General Catalyst, Sage Hill Partners
6/06	$13M	Sutter Hill Ventures

Total Capital Raised: ~$20M

clearspring

Name:	Clearspring
Location:	McLean, VA
CEO:	Hooman Radfar
Year Founded:	2004
Website:	www.clearspring.com

Industry Segment: Social Media Distribution and Monetization

Description: Clearspring Technologies provides creation, distribution, monetization, tracking, and optimization services for social media publishers and application developers. The company provides a base level of services at no cost. Typical publishers include those whose content are inherently location-relevant; sites such as travel, events, tickets, real estate, weather, maps, and career search.

Products / Solutions: The Clearspring Platform enables customers to create, configure, and edit social media widgets from management consoles. The Clearspring Launchpad facilitates the distribution of widgets to over 80 social media destinations, including leading social networks, blogs, start pages, widget galleries, and desktop and mobile phone platforms. The Clearspring Platform also enables application developers to monitor installs, views, grabs, and the viral spread of widgets following the initial distribution. Clearspring WidgetMedia enables advertisers, publishers, application developers and affiliates to advertise on, promote, and monetize social media applications.

Target Market: On the distribution side, social media and user-generated content publishers and application developers. On the monetization front, the targets are large brand advertisers.

Customers: Clients include Universal, Virgin Mobile, LionsGate, National Geographic, 20th Century Fox, Blockbuster, and NBC Universal, among others.

Financing History:

Date	Amount Raised	Investors
5/06	$2.5M	Novak Biddle Venture Partners, ZG Ventures
2/07	$5.5M	Novak Biddle Venture Partners, ZG Ventures, Steve Case, Ted Leonsis
7/07	$10M	N/A
5/08	$18M	NEA, Novak Biddle Venture Partners

Total Capital Raised: ~$36M

Name:	Clickable
Location:	New York, NY
CEO:	David S. Kidder
Year Founded:	2006
Website:	www.clickable.com
Industry Segment:	Pay-Per-Click (PPC) Management Software
Description:	Clickable provides online solutions, which enable ad agencies and advertisers to manage their performance across all major PPC networks, including Google, Yahoo!, and Microsoft. Clickable is designed for small to midsize businesses interested in search marketing and SEM agencies. The company's technology helps advertisers track conversions, rather than clicks, and optimize to a cost per customer acquired (CPA).
Products / Solutions:	Clickable allows search marketers to manage performance across all major PPC ad networks with a particular focus on the search and contextual networks operated by Google, Yahoo!, and Microsoft. The company's technology provides advertisers with campaign management tools to monitor performance, and it provides analytics to help advertisers maximize their return on investment (ROI). The company charges $129 per month for advertisers/agencies whose monthly budgets are less than $2,500 and 5% of the ad-spend for budgets greater than $2,500 per month. The Clickable solution includes embedded multimedia training.
Target Market:	Small and mid-size business advertisers
Customers:	N/A

Financing History:

Date	Amount Raised	Investors
6/06	N/A	Roger Ehrenberg
7/07	$3M	Monster Venture Partners, FirstMark Capital, Schoffstall Ventures, Union Square Ventures
11/07	$3M	FirstMark Capital, Union Square Ventures
7/08	$14.5	The Founders Fund, Union Square Ventures, FirstMark Capital

Total Capital Raised: ~$20.5M

collectivemedia

Name: Collective Media
Location: New York, NY
CEO: Joe Apprendi
Year Founded: 2005
Website: www.collective-media.com

Industry Segment: Ad Network

Description: Collective Media is a diversified online ad network and technology provider that specializes in serving brand-name publishers, advertisers, and agencies in the United States. In aggregate, Collective Media is the 16th largest ad network in the U.S., with 113 million unique users, more than 200 publishers, 600 leading brand advertisers and direct response marketers, and approximately six billion display impressions served every month. The company offers display, rich media, and broadband video advertising, typically priced on a cost per thousand impressions (CPM) basis, with a number of targeting capabilities (e.g., behavioral, demographic, geographic, contextual, etc.). Collective's technology platform also enables deep research capabilities, enabling its customers to manage, track, optimize, and analyze campaigns.

Products / Solutions: In addition to the Collective Media Platform described above, Collective offers an ad network management platform (AMP) that enables publishers to create and manage vertical ad networks adjacent to their owned and operated properties. Collective also sells its audience targeting system. Personifi's contextual targeting algorithms accurately match ads to the context of individual pages, enabling the creation of customized, page-level contextual channels that meet the needs of individual campaigns and advertisers. Personifi automatically classifies content and users into 300,000 unique segments and is particularly effective at increasing eCPMs on social media and user-generated content environments.

Target Market: Mid-tail publishers and large marketers.

Customers: Advertising clients include Allstate, Dunkin Donuts, Coca Cola, ESPN, HP, Lexus, Sony, and Verizon, among others. Network publishers include AllRecipes.com, Discovery.com, *The New York Post*, Reuters, Tribune, TVguide.com, and The Hearst Corporation, to name a few.

Financing History:

Date	Amount Raised	Investors
4/09	$20M	Accel Partners, iNovia Capital
10/07	N/A	Greycroft Partners, iNovia Capital

Total Capital Raised: N/A

Other: Acquired Personifi in June 2008.

contextWeb

Name:	ContextWeb
Location:	New York, NY
CEO:	Anand Subramanian
Year Founded:	2000
Website:	www.contextweb.com

Industry Segment: Contextual Ad Exchange/Marketplace

Description: ContextWeb provides highly-precise, real-time contextual advertising solutions guaranteed to maximize the results and impact of online advertising for brand marketers. ContextWeb's patent-pending technology is a real-time and fully automated advertising exchange that can serve contextually relevant advertisements to the highest bidder in as little as 20 milliseconds. The company's algorithms use categories and keywords for analysis and to match buyers with sellers in the exchange.

Products / Solutions: The ADSDAQ Exchange launched in 2005. The exchanges' page-level contextual matching technology offers advertisers efficient pricing and reach extension that is comparable to site-specific media buying. According to comScore, ADSDAQ is the 15th largest ad network in the U.S., with 116 million monthly unique users. ContextWeb aggregates content from more than 9,000 online publishers and serves approximately seven billion display impressions through ADSDAQ every month. ContextWeb serves as the primary market maker, providing liquidity in the ADSDAQ Exchange, and drives revenue from the bid-ask spread.

Target Market: Online publishers of all sizes and large brand marketers.

Customers: Advertisers include GM, Pfizer, Bank of America, Fidelity, Dell, HP, NFL, NBC, CBS, *The New York Times*, and *Barrons,* to name a few. Publishers selling inventory in ADSDAQ include Accuweather, CarSoup.com, PCGuide.com, *Sports Illustrated*, Raging Bull, All Recipes, *Boston Herald*, *Washington Times*, and Scripps Interactive.

Financing History:

Date	Amount Raised	Investors
6/04	$3M	Updata Partners
6/05	$9M	Draper Fisher Jurvetson
7/08	$26M	Investor Growth Capital, Draper Fisher Jurvetson, DFJ Gotham Ventures

Total Capital Raised: ~$38M

dataxu

Name:	DataXu
Location:	Cambridge, MA
CEO:	R. Bruce Journey
Year Founded:	2008
Website:	www.dataxu.com

Industry Segment: Ad Technology - Specialty Media Buying

Description: DataXu was founded by a group of MIT machine learning experts and Internet advertising entrepreneurs. The company is currently in "stealth" mode but seeks to disrupt the current paradigm for how advertising is bought and sold on the Internet by providing ad agencies and their brand clients with the first "buy side" automated media buying platform.

Products / Solutions: DataXu's proprietary technology is a high-performance, real-time, automated, self-learning decision-support system that matches advertisers, publishers, and Web users at a rate of hundreds of thousands of requests per second. The Dx platform gives brands a scalable way to dramatically reduce the cost of display advertising by leveraging their consumer data to find, optimally price, and purchase media on the new ad exchanges operated by Google, Yahoo!, and Microsoft.

Target Market: Large brand advertisers and agencies.

Customers: N/A

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

Name:	Datran Media
Location:	New York, NY
CEO:	Patrick Vogt
Year Founded:	2001
Website:	www.datranmedia.com/aperture/

Industry Segment: Email Marketing Services and Behavioral Ad Network

Description: Datran develops and sells email marketing and online advertising solutions primarily to direct response marketers. The company's Aperture solution helps advertisers target customers based on demographic profiles created by offline third-party data providers, which Datran combines with proprietary transaction-based behavioral data.

Products / Solutions: Aperture is an innovative media buying and audience targeting tool developed by Datran Media leveraging its proprietary transaction-based behavioral database paired with offline demographic data from third-party providers. With Aperture, marketers can target their online advertising messages at the household level across the Internet. The key differentiator between Datran's Aperture and other behavioral ad networks originates from household demographic data, verified by multiple offline third-party sources, that it uses in its algorithms.

Target Market: Online publishers and direct response marketers.

Customers: N/A

Financing History:

Date	Amount Raised	Investors
3/05	$60M	VantagePoint Venture Partners

Total Capital Raised: $60M

Other: Datran acquired UnsubCentral and Intwine in January 2006 for $10M and $5M, respectively, and Chintano in August 2007 for $30M.

dogtime media

Name:	Dogtime Media
Location:	San Francisco, CA
CEO:	Trevor Wright
Year Founded:	2006
Website:	www.dogtimemedia.com

Industry Segment: Vertical Ad Network

Description: DogTime Media operates an online media network that focuses on the pet industry. The company's network reaches pet enthusiasts and pet owners through pet-related Web sites.

Products / Solutions: In addition to its collection of O&O and third-party sites, Dogtime's PetChat product is a vertical chat application that connects pet enthusiasts across the DogTime Media Network. The company's video player is a widget which can be embedded on a publisher's site and used to run relevant ads to Dogtime users. The company's content syndication tools enables publishers to access relevant and fresh content through RSS feeds.

Target Market: Pet owners/enthusiasts and brand marketers.

Customers: Clients include Toyota, Wal-Mart, Eukanuba, and Science Diet, to name a few.

Financing History:

Date	Amount Raised	Investors
9/07	$1M	Angels

Total Capital Raised: $1M

eBureau™

Name:	eBureau
Location:	St. Cloud, MN
CEO:	Gordon Meyer
Year Founded:	2004
Website:	www.ebureau.com
Industry Segment:	Online Marketing Services - Lead Generation
Description:	eBureau provides online marketing and lead generation, credit risk management, and fraud prevention solutions for marketers, financial service companies, online advertisers, and global ad agencies. The company's technology helps in preparing a predictive scoring system, which delivers instant insights to multichannel marketers, financial services companies, and agencies.
Products / Solutions:	eBureau's suite of products include eScore, eLead, eVerify, eAuthenticate, and eLink. eScore enables the development and deployment of customized statistical scores. eLead enhances online leads by providing a view of registered and opt-in consumers. The company's eVerify service helps marketing professionals who are generating consumer leads online to verify personally identifiable information from a credit application, registration process, or purchase transaction. The eAuthenticate service helps companies to authenticate a consumer identity online. Lastly, eBureau's eLink service helps firms with accounts receivable management and locating, updating, and appending information to a debtor records.
Target Market:	Online direct response marketers.
Customers:	N/A

Financing History:

Date	Amount Raised	Investors
N/A	N/A	Split Rock Partners, Redpoint Ventures

Other: Company formerly known as xTech, Inc.

HOW THE WEB IS WON

Name:	Epic Advertising
Location:	New York, NY
CEO:	Don Mathis
Year Founded:	2000
Website:	www.epicadvertising.com
Industry Segment:	Diversified Ad Network
Description:	Epic Advertising is a diversified performance-based marketing company specializing in customer acquisition and conversion. Epic offers performance and direct response marketing programs, media planning, search engine marketing, and email marketing services. In aggregate, according to comScore, Epic is the twenty-ninth largest ad network in the U.S., with 35 million unique users (45 million worldwide), serving roughly 38,000 and 375 advertising clients.
Products / Solutions:	Epic's AzoogleAds business is a performance-based online ad network that connects advertisers to publishers through search traffic, Websites, and email. Epic also runs an affiliate marketing network and search marketing agency business. Epic offers customers a variety of ad formats, including display, rich media, broadband video inventory, and search, with a wide range of pricing models (e.g., CPM, CPC, CPA, etc.), and targeting capabilities, including behavioral, demographic, geo, contextual, and site-specific.
Target Market:	Large direct response marketers.
Customers:	N/A

Financing History:

Date	Amount Raised	Investors
N/A	N/A	Stripes Group, TA Associates

Total Capital Raised: N/A

Name:	Exelate Media
Location:	Petach Tikvah, Israel
CEO:	Mark S. Zagorski
Year Founded:	2006
Website:	www.exelate.com
Industry Segment:	Data Exchange
Description:	eXelate is a behavioral targeting data exchange. Publishers (sellers on the exchange) deliver targeting events, while ad networks and agencies (buyers on the exchange) leverage the exchange data to target specific audience segments. Exelate offers data in the auto, travel, and shopping categories, among others.
Products / Solutions:	The company's eXelate Targeting eXchange is a platform for online publishers to sell behavioral targeting data to ad networks and agencies. The company's technology enables ad networks and agencies to tag users with desirable traits on a publisher's Website so that they re-target that user with relevant ads on other sites. The company processes approximately four billion targeting events every month and offers access to data on roughly 116 million users.
Target Market:	Online publishers, merchants, ad networks, and agencies.
Customers:	Ad networks buying on eXelate include Burst Direct, CPX Interactive Turn, AdREady, and Adtegrity, to name a few. Platform partners include MediaMath, Invite Media, AppNexus, and *X*+1.

Financing History:

Date	Amount Raised	Investors
10/07	$4M	Carmel Ventures

Total Capital Raised: $4M

exponential®

Name:	Exponential
Location:	Emeryville, CA
CEO:	Dilip DaSilva
Year Founded:	2000
Website:	www.exponential.com/our-business/tribalfusion.jsp

Industry Segment: Diversified Ad Network

Description: Exponential is a diversified ad network and media services company that delivers innovative products and services to meet the demands of digital advertisers. Through a variety of offerings, the Exponential group of businesses enables online advertisers to reach their target audiences across the Internet. From premium publishers and CPM advertisers to performance marketing, lead generation, and in-text solutions, Exponential delivers results for online advertisers.

Products / Solutions: Exponential manages four primary marketing services businesses: Tribal Fusion, FullTango, LeadGenuity, and EchoTopic. Tribal Fusion is a leading site representation company serving over 20 billion monthly impressions to more than 240 million unique users worldwide every month. Tribal Fusion represents premium publishers and delivers high-quality campaigns for large CPM advertisers. The company partners with top-quality Web publishers to provide brand advertisers with targeted ad placements. Tribal offers site-specific, channel-wide, run-of-network ads as well as behavioral and contextual placements. Full Tango is a performance marketing business focused on CPA advertisers. Leadgenuity offers Exponential clients lead generation products and services in select verticals. Lastly, EchoTopic is a contextual advertising network managed by Exponential.

Target Market: Mid-tail publishers, brand advertisers, and direct response marketers.

Customers: Publishers include Answers.com, Daily Motion, Babycenter, Chicago Sun Times, Homes.com, Buy.com, Traffic.com, and Salary.com, to name a few. Advertisers include Beyond Interactive, Vail Resorts, and Classmates.com, among others.

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

Name:	Extreme Reach
Location:	Needham, MA
CEO:	John Roland
Year Founded:	2008
Website:	www.extremereach.com
Industry Segment:	Advertising Technology – Digital Video
Description:	Extreme Reach provides a video advertising management and distribution platform that connects advertisers and agencies with thousands of media destinations (including broadcast and cable television) and enables them to manage, deliver, and track their campaigns across all three screens of video (TV, Web, and mobile).
Products / Solutions:	The Extreme Reach software-as-a-service video advertising management platform leverages cloud computing technologies to provide powerful video ad streaming and delivery capabilities across broadcast and network television, local and network cable television, and Web and mobile Internet publishers. Extreme Reach products and services include digital asset management, review and approval, network clearance, measurement, historical records, standards conversion, transcoding, encoding, captioning. and tagging.
Target Market:	Digital and broadband video publishers, broadcasters, marketers, and ad agencies.
Customers:	N/A

Financing History:

Date	Amount Raised	Investors
12/08	$1.5M	Village Ventures, Long River Ventures
3/09	$3M	Greycroft Partners

Total Capital Raised: ~$5M

eyeblaster

Name:	Eyeblaster
Location:	New York, NY
CEO:	Gal Trifon
Year Founded:	1999
Website:	www.eyeblaster.com
Industry Segment:	Ad Technology - Video/Rich Media Ad Platform
Description:	EyeBlaster is a rich media and video ad serving technology company. The company offers solutions to create, deliver, and manage various forms of digital advertising through its Web dashboard to interactive agencies, advertisers, and publishers. The company has 29 offices worldwide, including its headquarters in New York City, Barcelona, Beijing, Sydney, and Tokyo, among others.
Products / Solutions:	The company's product suite includes Eyeblaster Ad Campaign Manager (ACM), a solution for the generation, delivery, and management of campaigns; Eyeblaster Rich Media platform, which combines campaign implementation and creative tools to create and manage various media formats; Eyeblaster Search, which allows clients to manage search marketing campaigns; and Eyeblaster In-Game platform, which offers in-game ad solutions to deliver ads in the gaming environment for marketers. In 2007, Eyeblaster delivered campaigns for nearly 7,000 brand advertisers serving approximately 2,500 ad agencies across over 2,700 global Web publishers in 40 countries.
Target Market:	Large Web publishers, marketers, and agencies.
Customers:	Advertising clients include Nike, Sony, Toyota, Ford, McDonalds, Vodafone, and Mastercard, to name a few. Media agencies using Eyeblaster include Zenith, Optimedia, OMD, MEC and Media Contacts. Publishing customers include Yahoo!, MSN, MySpace, AOL, RealNetworks, and Kelly Blue Book, among others.

Financing History:

Date	Amount Raised	Investors
12/03	$8M	Insight Venture Partners
12/07	$30M	Eli Barkat, Jonathan Kolber, Angels

Total Capital Raised: ~$38M

Name:	Eyewonder
Location:	Atlanta, GA
CEO:	John Vincent
Year Founded:	1999
Website:	www.eyewonder.com
Industry Segment:	Ad Technology - Video/Rich Media Ad Platform
Description:	EyeWonder allows advertisers to create and deliver rich media and video advertising. The company was the pioneer behind the “instant play video banner” ads in 2000. Eyewonder’s in-page, in-stream, and custom ad products combine the quality and power of Flash video, the latest creative features of Web video, and comprehensive tracking and reporting capabilities to enhance the impact and effectiveness of its customer’s video and rich media ad campaigns.
Products / Solutions:	Eyewonder offers a variety of ad formats, including in-page, in-stream, and custom ad formats. Eyewonder formats utilize a “polite download” technology that begins with a small 1k GIF file and starts the major download once the page has fully loaded the rich media experience, using the available bandwidth in an optimal manner. The company’s latest ad authoring tool, AdWonder 9.3, supports creation and delivery of a broad spectrum of rich media and video ads. The company also offers ad serving capabilities and ad tracking/reporting features.
Target Market:	Large Web publishers, marketers, and agencies.
Customers:	Advertising clients include Adidas, American Airlines, AT&T, Audi, Burger King, Callaway, Citi, DirectTV, Fedex, Intel, and Samsung, to name a few. Publishing partners include AOL, Yahoo!, MSN, and Fox among others.

Financing History:

Date	Amount Raised	Investors
N/A	$4.5M	Angels

Total Capital Raised: $4.5M

Name:	FatTail
Location:	Woodland Hills, CA
CEO:	Stephen Pelletier
Year Founded:	2001
Website:	www.fattail.com

Industry Segment: Ad Technology – Premium Display

Description: FatTail makes it easy for online publishers to price, plan, and sell premium guaranteed inventory. With FatTail's sales optimization software, publishers can maximize revenue and save time and resources by automating proposal building, inventory, and availability forecasting, and other sales processes. FatTail helps publishers process more transactions faster, get from quote to cash more quickly, and dramatically reduce their reliance on ad networks.

Products / Solutions: FatTail provides yield and process management solutions, integrated workflow, inventory management, and revenue enhancement solutions for digital media publishers. FatTail's sales optimization software maximizes revenue and saves time for media sellers by automating proposal building, inventory and availability forecasting, and other sales processes. The company's Results Management System (RMS) delivers historic analysis as well as media and creative optimization. It also provides the ability to warehouse and crunch thousands of data points, aggregating results and indicating actions to improve future campaigns. The company's AdBook service is a highly configurable solution that helps online publishers to solve challenges in proposal/IO management, workflow management, inventory management, billing management, and reporting.

Target Market: Large online media publishers.

Customers: Clients include MarthaStewart.com, TheStreet.com, Travelocity, Weatherbug, Travel Ad Network, Morningstar, TechWeb, WebMD, InformationWeek, and Glamour, among others.

Financing History:

Date	Amount Raised	Investors
10/08	$3.5M	Velocity Interactive Group, Ted Meisel

Total Capital Raised: $3.5M

Name:	Federated Media Publishing
Location:	San Francisco, CA
CEO:	John Battelle
Year Founded:	2005
Website:	www.federatedmedia.net

Industry Segment: Ad Network – Site Representation, Conversational Marketing

Description: Federated Media (FM) is a media, publishing, and ad network company that connects conversational content with leading brand marketers. FM works with over 150 social media properties, including cultural influencers like Boing Boing, parenting authors like Dooce, technology publishers such as GigaOm, and business voices like Small Business Trends. The company tries to engage marketers in a conversation with current and potential customers to enhance a brand's image and create a reach extension for online marketers.

Products / Solutions: The company uses traditional banner advertising and rich media partnerships with companies such as EyeBlaster, EyeWonder, and DoubleClick to deliver advertising solutions for its publishers. Pricing varies per blog property and can reach upwards of $30 CPMs. FM specializes in custom, highly-integrated conversational marketing campaigns. FM is the thirty-eighth largest ad network in the U.S., according to comScore, with 15 million unique users (50 million worldwide) serving one billion ad impressions monthly to across approximately 150 publishers.

Target Market: Long-tail specialty publishers and large brand marketers.

Customers: Publishes include GigaOm, TechCrunch, Digg, Graffiti, VentrureBeat, and Wikia, among others. Advertisers include HP, Dell, Intel, McDonalds, RadioShack, Ask, and BMW, to name a few.

Financing History:

Date	Amount Raised	Investors
6/05	N/A	Angels
3/06	$2.2M	Omidyar Network, MY Times, Angels
8/07	$4.5M	JP Morgan, Omidyar Network
4/08	$50M	Oak Investment Partners, Omidyar Network

Total Capital Raised: ~$58M

FreeWheel

Name:	FreeWheel
Location:	San Mateo, CA
Co-CEOs:	Jonathan Heller and Douglas Knopper
Year Founded:	2007
Website:	www.freewheel.tv

Industry Segment: Ad Technology – Video Media Rights Management

Description: FreeWheel Media offers advertising technology products which help in sharing of the revenue from running ad campaigns through video and other rich media. The company is based in San Mateo, California, with offices in New York City, New York and Beijing, China.

Products / Solutions: FreeWheel's Monetization Rights Management (MRM) Suite ensures that each video airing is paired with the optimal advertisements, and then accounts for and apportions the ad revenue between the appropriate content owners, distributors, and third-party ad sellers. The instant a user presses play on a video player, FreeWheel's MRM Suite identifies sales rights, pinpoints the right ad to run, serves the ad, and accounts for the airing. For content owners, identifying sales rights assures ads are not pre-empted for ads sold by others, helping content owners retain essential control. The FreeWheel technology identifies and optimizes ads for the highest eCPM in milliseconds and considers exclusivity, custom IO specs, campaign dates, and other dimensions to ensure that *overall* revenue is optimized. The MRM Suite also includes a sophisticated, feature-rich ad server, which can accommodate any video ad format or player. Recognizing that revenue sharing agreements may vary by partner as well as by who sold a particular spot, MRM Suite considers agreements and makes an accurate accounting of each airing in real-time.

Target Market: Video advertisers and content owners.

Customers: N/A

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

gigya

Name:	Gigya
Location:	Palo Alto, CA
CEO:	David Yovanno
Year Founded:	2006
Website:	www.gigya.com

Industry Segment: Widget Distribution Technology and Network

Description: Gigya is a leading widget distribution network that reaches more than 180 million unique users monthly, per comScore data, enabling marketers to engage consumers in social environments and enlist them as "brand advocates." Gigya offers products and services for widget developers, Website publishers, and marketers.

Products / Solutions: Gigya offers three key products and services: Wildfire, Socialize, and widget distribution services. Wildfire comprises a set of free tools for widget distribution and analytics, currently in use by more than 1,000 widget developers. The Wildfire platform provides functionality for users to install and share widgets across more than 70 online destinations including leading social networks, online start pages, etc. The Wildfire platform reportedly powers more than 400,000 daily widget installations. Socialize aggregates APIs from leading social networks, allowing online publishers to integrate social functionality and leverage social graph data. Finally, Gigya offers a widget distribution network and associated services such as widget development for brand marketers. The widget distribution network operates on a pay-per-install basis, compensating widget developers for successful promotion of advertiser-sponsored widgets. Advertisers pay for installations resulting from direct promotion, but additional viral installations are free of charge.

Target Markets: Widget/application developers and brand marketers.

Customers: Publishers and advertiser customers include CNET, Coca-Cola, Electronic Arts, Hyundai, JCPenney, RockYou, and Wal-Mart, among others.

Investors: Benchmark Capital, First Round Capital, Mayfield Fund, DAG Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
10/08	$11M	DAG, et al
3/08	$9.5M	Mayfield, et al
2/07	$3M	Benchmark, First Round

Total Capital Raised: $23.5M

Glam Media

Name:	Glam Media
Location:	Brisbane, CA
CEO:	Samir Arora
Year Founded:	2003
Website:	www.glammedia.com

Industry Segment: Publisher, Vertical Ad Network

Description: Glam Media is a publisher and leading vertical content and advertising network including more than 900 publishers and reaching more than 100 million global unique users per month, per comScore. Glam launched in 2005 with a focus on women's fashion and lifestyle, and became the largest online media network in that category by May 2007. In October 2008, Glam launched Brash.com, a men's lifestyle vertical ad and content network. Glam has acquired Monetise Ltd, a UK-based site representation firm, and AdaptiveAds, a provider of display ad targeting and optimization technology.

Products / Solutions: Glam operates two vertical content and advertising networks: Glam, focused on women's lifestyle, and Brash, focused on men's lifestyle. Glam is both a content network and an advertising network, aggregating and syndicating content from media partners (including major online publishers and independent sites), and serving as a site representation firm for members of the advertising network. The company offers an array of advertising products, including targeted display, video, mobile, email, and widget advertising, as well as adaptive ad targeting, serving. and optimization technology.

Target Markets: Lifestyle and luxury brand marketers.

Customers: Customers include a variety of endemic and non-endemic marketers, including Bergdorf Goodman, Reebok, AT&T, Starwood Hotels, Lowe's, and Estee Lauder, among many others.

Investors: Information Capital, Accel Partners, Draper Fisher Jurvetson, Walden VC, DAG Ventures, Hubert Burda Media, GLG Partners, Hercules Technology Growth Capital

Financing History:
US$ in millions

Date	Amount Raised	Investors
2/08	$85M	Hubert Burda, GLG, et al
12/06	$18.5M	Accel, DFJ, et al
7/05	$10M	Accel
7/04	$1.1M	Information Capital

Total Capital Raised: $115M

Name:	Good Health Advertising
Location:	New York, NY
CEO:	Robert Kadar
Year Founded:	2007
Website:	http://www.goodhealthadvertising.com
Industry Segment:	Vertical Ad Network
Description:	Good Health Advertising is an advertising services firm focused on the health and medical verticals, reaching more than 16 million unique visitors monthly, per comScore.
Products / Solutions:	Good Health offers direct-to-consumer, direct-to-patient, and direct-to-physician marketing programs leveraging targeted display advertising, rich media and video advertising, lead generation, email marketing, and SEM. Media targeting options include medical condition targeting, demographic targeting, content targeting by channel, and specific site targeting.
Target Markets:	Healthcare, Pharmaceuticals.
Customers:	Clients include pharmaceutical marketers such as Novartis, Schering-Plough, Merck, and Pfizer, as well as marketers focused on the health and lifestyle categories.
Investors:	Metamorphic Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

Name:	Google
Location:	Mountain View, CA
CEO:	Eric Schmidt
Year Founded:	1996
Website:	www.google.com

Industry Segment: Diversified online media and marketing services: search, paid search, display and rich media advertising, display and contextual ad network, in-game advertising, ad serving, and ad exchange.

Description: Google is the world's leading online search engine and paid search monetization platform. The company also maintains leadership in online video sharing/distribution (YouTube), non-search text-based contextual advertising (AdSense for Content), and online ad serving technology (DoubleClick). The company's stated mission is to "organize the world's information and make it universally accessible and useful."

Products / Solutions: Google's AdWords is the leading paid search monetization program, used to monetize Google's owned-and-operated and partner paid search traffic, as well as non-search contextual inventory, via pay-per-click text advertising. The company's AdSense program is a third-party monetization program for the monetization of partners' paid search (AdSense for Search), domain (AdSense for Domains) and traditional display inventory (AdSense for Content). In October 2006, the company agreed to acquire YouTube, the leading online destination for user-generated/submitted video content sharing and distribution. Since that time, Google has become a principal in online rich media, broadband video, and display advertising. In April 2007, the company agreed to acquire DoubleClick, a leading provider of ad serving technology for online advertisers and publishers, and the company has continued to develop DoubleClick's online advertising exchange platform. The company also offers Google AdManager (a currently free, hosted ad management and ad serving platform) and Google AdPlanner (an audience measurement and research/planning tool for online media).

Target Market: Consumers, advertisers, and online publishers.

Selected M&A:

Date	Target	Notes
05/07	Feedburner	RSS distribution platform; acquired for ~$100 million
04/07	DoubleClick	Ad serving technology/ad exchange; acquired for $3.1 billion
02/07	Adscape	In-game advertising network; acquired for $23 million
10/06	YouTube	Video sharing/distribution platform; acquired for $1.65 billion
04/03	Applied Semantics	Semantic text processing and domain advertising services

GORILLA NATION

Name:	Gorilla Nation
Location:	Los Angeles, CA
CEO:	Aaron Broder
Year Founded:	2001
Website:	www.gorillanation.com
Industry Segment:	Site Representation Firm

Description: Gorilla Nation is a leading online advertising sales representation firm that represents more than 500 publishers in offering integrated media and promotional programs to Fortune 500 brand advertisers. The company maintains an international sales footprint in the United Kingdom, Canada, and Australia

Products / Solutions: Gorilla Nation is a site representation firm that provides outsourced ad sales to more than 500 publishers. The company has a strong footprint in vertical categories including entertainment/lifestyle, children's media, and multicultural media. Advertising solutions include the Midtail Toolbox, a suite of integrated advertising products, which can be rapidly implemented across the Gorilla Nation network. Midtail Toolbox products include integrated redesigns (reskins, title bar takeovers, etc.), social functionality including widgets and games, branded interactive content (e.g., contests, polls, promotions, and quizzes), product placement within publisher content, and the Springboard video advertising platform. The company also offers targeted display and rich media advertising, as well as performance-based advertising options.

Target Markets: Key content verticals include entertainment and lifestyle, children's media, and multicultural media.

Customers: Advertising clients include leading brands and advertising agencies representing a broad array of vertical categories.

Investors: Great Hill Partners

Financing History:
US$ in millions

Date	Amount Raised	Investors
5/07	$50M+	Great Hill Partners

Total Capital Raised: $50M+

GREYSTRIPE

Name:	Greystripe
Location:	San Francisco, CA
CEO:	Michael Change
Year Founded:	2005
Website:	www.greystripe.com

Industry Segment: Mobile Ad Network, In-Game Ad Network

Description: Greystripe is an in-game mobile advertising network that provides technology to support free, ad-supported mobile content via its mobile game distribution platform. The Greystripe ad network delivers full-screen advertising images, videos, and scrolling banners into ad-enabled mobile games via a unique distribution solution that automatically adds advertising to mobile games and applications. The company distributes ad-supported game and application content through its owned-and-operated GameJump.com, the world's largest free, ad-supported mobile game portal, and through its Catalog Program distribution partners.

Products / Solutions: Greystripe's technology encompasses three key solutions: Greystripe Campaign Manager, the publisher platform, and the catalog platform. The Campaign Manager offers full-service interactive advertising programs to meet a variety of advertiser objectives, including branding, data acquisition, lead generation, and traffic generation. The publisher platform provides mobile game publishers with an automated process that ad-enables mobile game and application content. Publishers may choose to distribute ad-enabled games and applications themselves or through the Greystripe catalog platform, which allows partners to distribute Greystripe's entire mobile game catalog.

Target Markets: Marketers and game developers.

Customers: Advertiser clients include Atlantic Records, Best Buy, New Line Cinema, Sega, Wal-Mart, Microsoft Xbox, and Yahoo!, among others.

Investors: Incubic Venture Fund, Monitor Ventures, W.S. Investments, Steamboat Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
3/09	$5.5M	Incubic, Monitor, et al
5/07	$8.9M	Steamboat, et al
10/06	$5.5M	Steamboat, Incubic, Monitor

Total Capital Raised: $19.9M

Healthline
Connect to Better Health

Name:	Healthline
Location:	San Francisco, CA
CEO:	West Shell III
Year Founded:	1999
Website:	www.healthline.com

Industry Segment: Publisher, Vertical Ad Network

Description: Healthline is a publisher and vertical advertising and content network that powers health search, advertising, and content services to a network of publishers, advertisers, destination sites, and health plans. The company's product portfolio is derived from a consumer healthcare taxonomy that consists of a terminology database of over one million medical terms and colloquial synonyms, as well as 250,000 medical concepts including diseases, conditions, etc. This taxonomy is used to deliver relevant health information and advertising to consumers.

Products / Solutions: At the core of Healthline's advertising products is HealthStat, a contextual ad targeting technology that broadens condition-specific reach for health advertisers by utilizing semantic search technology to understand medical terms, synonyms, and relationships within the health content on publisher sites. Healthline offers a variety of advertising products, including targeted display, rich media, and text-link advertising.

Target Markets: Healthcare, Pharmaceuticals.

Customers: N/A

Investors: VantagePoint Venture Partners, NBC Universal, Aetna, JHK Investments, Kaiser Permanente, Mitsui, Reed Elsevier, and US News & World Report.

Financing History:
US$ in millions

Date	Amount Raised	Investors
7/07	$14M	VantagePoint
1/06	$21M	NBC Universal

Total Capital Raised: $35M

InnovationINTERACTIVE
integrated performance-based solutions

Name:	Innovation Interactive
Location:	New York, NY
CEO:	Will Margiloff
Year Founded:	2002
Website:	www.innovationinteractive.com
Industry Segment:	Ad Agency, SEM, Ad Network
Description:	Innovation Interactive is a diversified digital holding company, comprising 360i (a digital ad agency and SEM with a variety of capabilities, including behavioral, social, and mobile marketing), SearchIgnite (a provider of search bid management and predictive optimization solutions to advertisers and ad agencies), and Netmining (a European provider of onsite behavioral targeting and performance-based advertising solutions acquired by Innovation Interactive in November 2008). In June 2007, Innovation Interactive completed a management buyout of the firm, backed by ABS Capital, from corporate parent Livedoor Japan.
Products / Solutions:	Historically, the company has been focused on search, but it has also developed diversified performance marketing capabilities, including a performance advertising network of proprietary and third-party content sites and direct navigation domains that utilizes both text and display advertising.
Target Markets:	Online advertisers and publishers.
Customers:	Advertiser clients include leading brands and advertising agencies such as NBC Universal, MTV Networks, Office Depot, JCPenney, E*TRADE, Borders, and Digitas.
Investors:	ABS Capital, CIBC Capital Partners

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

InternetBroadcasting

Name:	Internet Broadcasting
Location:	St. Paul, MN
CEO:	David Lebow
Year Founded:	1996
Website:	www.ibsys.com

Industry Segment: Media Network, Advertising Network

Description: Internet Broadcasting (IB) was founded in 1996 to develop and host Web sites for local television stations. The company provides a publishing and advertising platform that allows media companies and advertisers to reach audiences in locally branded environments. Media partnerships include CNN, Cox Television, Heart-Argyle Television, McGraw-Hill Broadcasting, Meredith Broadcasting, NBC and Post-Newsweek Stations, among others. The IB Local Network attracts more than 50 million unique visitors per month.

Products / Solutions: The company provides publishing and advertising technology and services to local media outlets. Advertising products include standard IAB advertising units, as well as customized campaign options including custom sponsorships and cross-platform advertising.

Target Markets: Local Online Advertising.

Customers: N/A

Investors: N/A

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

Kontera
CREATING IN-TEXT RELEVANCE

Name:	Kontera
Location:	San Francisco, CA
CEO:	Yoav Shaham
Year Founded:	2003
Website:	www.kontera.com

Industry Segment: In-Text Advertising

Description: Kontera is a leading in-text contextual advertising network that includes thousands of publishers. The company's technology identifies relevant keywords and matches those keywords with relevant advertisements, displayed when a user "mouses" over the keywords. Founded in 2003, the company maintains offices in San Francisco, New York City, and Israel.

Products / Solutions: ContentLink is Kontera's flagship product, which identifies contextually relevant keywords on publisher Web sites and automatically matches those keywords with relevant pay-per-click advertisements, displayed when a user mouses over the keywords. Kontera's ad network encompasses thousands of publishers using ContentLink ads on Web sites, forums, and blogs.

Target Markets: Online marketers and publishers.

Customers: N/A

Investors: Sequoia Capital, Lehman Brothers, Carmel Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
7/06	$7M	Sequoia, Lehman
8/07	$10.3M	Carmel, et al

Total Capital Raised: $17.3M

LEADPOINT™

Name:	LeadPoint
Location:	Los Angeles, CA
CEO:	Marc Diana
Year Founded:	2004
Website:	www.leadpoint.com

Industry Segment: Lead Generation

Description: LeadPoint is an online lead marketplace founded in 2004. The LeadPoint platform is used to trade hundreds of thousands of voice and data leads monthly among more than 2,000 customers in North America and Europe, including several Fortune 500 marketers.

Products / Solutions: The LeadPoint Exchange is an auction-based marketplace for leads, in which leads are submitted, verified, matched, and sent to buyers in real-time. Solutions offered on top of the exchange include LeadPoint Connect (which allows buyers and sellers to connect directly on the platform, improving transparency and accountability), LeadClass (a lead quality filter), and First Call (an outbound calling service).

Target Markets: Financial Services, Education, Automotive.

Customers: N/A

Investors: Redpoint Ventures, Silicon Valley Bank Ventures, European Founders Fund, Estalea LP, Breakwater Ventures, Stanford University

Financing History:
US$ in millions

Date	Amount Raised	Investors
4/08	$6M	SVB Ventures, et al
5/07	$2.5M	Redpoint, et al
10/06	$2M	European Founders Fund
2/06	$2M	Redpoint
5/05	N/A	Redpoint

Total Capital Raised: N/A

Lookery

Name:	Lookery
Location:	San Francisco, CA
CEO:	Scott Rafer
Year Founded:	2007
Website:	www.lookery.com
Industry Segment:	Social Media, Analytics
Description:	Lookery is a user-targeting network that aggregates user-reported data from social networks, dating sites, and e-commerce sites, among others, and monetizes that data through sales to customers including ad networks and ad agencies, statistics widgets, and APIs. The company sold its Lookery Ads advertising network to Adknowledge in November 2008.
Products / Solutions:	Lookery allows advertisers, ad networks, and publishers to leverage aggregated user data for ad targeting via real-time APIs. Additionally, the company offers Audience Network Analytics, providing demographic and keyword-based profiles of site usage to online publishers as an alternative to panel-based data. In January 2009, the company introduced the Lookery Ad Controller, a simplified ad network control panel for publishers.
Target Markets:	Online advertisers and ad networks as data buyers; social networks as data providers.
Customers:	N/A
Investors:	Charles River Ventures, HT Ventures, Attractor Investment Management, Marc Benioff, Holtzbrinck, et al

Financing History:
US$ in millions

Date	Amount Raised	Investors
9/08	$2.25M	Attractor, et al
2/08	$0.9M	Charles River, et al

Total Capital Raised: $3.15M

LOTAME™

Name:	Lotame
Location:	Elkridge, MD
CEO:	Andrew Monfried
Year Founded:	2006
Website:	www.lotame.com
Industry Segment:	Social Ad Network
Description:	Lotame is a social media advertising network that aggregates social media data and leverages that data to locate, target, and message targeted audiences.
Products / Solutions:	Lotame's Crowd Control technology examines user activity, including actions such as uploading, blogging, and commenting, as well as expressed and observed user interests in order to target and discover valuable influencers within social networks.
Target Markets:	Brand marketers and social media publishers.
Customers:	N/A
Investors:	Battery Ventures, Hillcrest Management, Betaworks, Emergence Capital Partners

Financing History:
US$ in millions

Date	Amount Raised	Investors
8/08	$13M	Battery, et al
2/08	$10M	Emergence, et al

Total Capital Raised: $23M

lucidmedia see clearly

Name:	Lucid Media (formerly Entrieva, Webversa)
Location:	Reston, VA
CEO:	Ajay Sravanapudi
Year Founded:	1999
Website:	www.lucidmedia.com

Industry Segment: Contextual Ad Techology, Meta Ad Network

Description: LucidMedia is an online contextual advertising platform and meta-network focused on optimizing display advertising performance. The company's ClickSense technology platform offers deep contextualization capabilities down to the page level.

Products / Solutions: The company offers its ClickSense contextual targeting technology to advertisers, ad networks, and publishers to enable ad targeting across more than 14,000 micro-categories while preserving brand safety. Utilizing the company's technology, Right Media has established standard contextual categories across the Right Media Exchange. The company also operates as a "meta ad network" (i.e., a specialist buyer without proprietary inventory sourcing) on behalf of advertisers and agencies.

Target Markets: Online marketers.

Customers: N/A

Investors: Lake Street Capital, RLI Partners, Melton Investments, Redleaf Group, Intel Capital, RBC Capital Markets, The Capital Investors Group, Avatar Capital

Financing History:
US$ in millions

Date	Amount Raised	Investors
12/08	$8.8M	Lake Street, et al
7/02	$2.8M	Redleaf, et al
11/00	$6.3M	Intel Capital, et al

Total Capital Raised: N/A

media6°

Name:	Media6°
Location:	New York, NY
CEO:	Joe Doran
Year Founded:	2008
Website:	www.media6degrees.com
Industry Segment:	Social Media
Description:	Media6° leverages social graph data to provide major brand marketers with targeted audiences that are both customized and highly scaleable. In February 2009, the company entered into a multi-level strategic partnership with Havas Digital under which Havas will adopt the company's social graph targeting capabilities and the two companies will develop advertising solutions for Havas' Virtual Brand Network initiative.
Products / Solutions:	N/A
Target Markets:	Brand marketers and agencies as data buyers; social media publishers as data providers.
Customers:	N/A
Investors:	U.S. Venture Partners, Contour Venture Partners, Coriolis Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	8/08	$9M	U.S. Venture Partners, et al

Total Capital Raised: N/A

Name:	MediaMath
Location:	New York, NY
CEO:	Joe Zawadzki
Year Founded:	2007
Website:	www.mediamath.com

Industry Segment: Ad Technology, Meta Ad Network

Description: MediaMath specializes in digital media trading, having developed its Singularity digital media trading platform and pioneered the category of "meta ad network," (i.e., a specialist buyer without proprietary inventory sourcing).

Products / Solutions: The company offers its Singularity digital media trading platform to ad agency and meta ad network customers (e.g., Varick Media Management), and also acts as a meta ad network on behalf of advertiser and agency clients. The Singularity platform integrates a comprehensive suite of functions, including data integration, buying execution, supply management (from major display ad exchanges including DoubleClick AdX, Right Media, and AdECN), yield management (i.e., algorithmic bidding), and reporting.

Target Markets: Large advertisers and ad agencies.

Customers: N/A

Investors: N/A

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

Name:	Microsoft
Location:	Redmond, WA
CEO:	Steven Ballmer
Year Founded:	1975
Website:	www.microsoft.com

Industry Segment: Diversified provider of software, technology, services, and online media and advertising (search, paid search, display and rich media advertising, display and contextual advertising network, in-game advertising, mobile advertising, ad serving, and ad exchange)

Description: Microsoft is a leading, diversified provider of software, technology and services. The company founded its MSN online services business in 1995. The online services business now encompasses online media publishing, online advertising (including agency and technology services), and Internet access services.

Products / Solutions: Microsoft's online services business includes the MSN media and advertising network, Windows Live search and Web mail services, adCenter paid search advertising business, the legacy dial-up ISP business, the AdECN advertising exchange, and Microsoft Advertising, which encompasses the former aQuantive assets including DrivePM and Atlas.

Target Market: Consumers, advertisers, and online publishers.

Selected M&A:

Date	Target	Notes
03/08	Rapt	Provider of ad yield management technology and services
07/07	AdECN	Online advertising exchange
05/07	aQuantive	Diversified interactive advertising holding company including Atlas ad serving technology, DrivePM online advertising network, and Razorfish interactive ad agency and international affiliates; acquired for $6 billion.
05/07	ScreenTonic	European-based mobile advertising network
04/06	Massive	Leading in-game advertising network

Name:	Mpire Corporation
Location:	Seattle, WA
CEO:	Matt Hulett
Year Founded:	2007
Website:	www.mpire.com

Industry Segment: Ad Network, Ad Technology, Yield Optimization

Description: Founded in 2005, Mpire Corporation is a provider of optimization technology for online advertising. The company's WidgetBucks brand is a vertical shopping ad network and yield optimization platform. Launched in October 2007, WidgetBucks began as a shopping-focused ad network, and has since evolved into a vertical ad network (focused on blogs and niche content) and publisher yield optimization technology provider. WidgetBucks reaches more than 60 million U.S. unique users (100 million worldwide) on a monthly basis through more than 1.5 billion monthly ad impressions across more than 26,000 sites and blogs. The company's AdXpose brand, launched in April 2009, is a patent-pending optimization technology that provides brand marketers and agencies with unprecedented transparency into ad engagement, placement location, and quality for campaigns across the entire Web, including online ad networks, ad exchanges and direct publisher buys.

Products / Solutions: WidgetBucks currently operates a vertical ad network focused on blogs and niche content sites. The network reaches more than 60 million U.S. unique users (100 million worldwide) monthly and serves more than 1.5 billion ad impressions per month. Channels within the network include shopping, text advertising, local advertising, and travel. WidgetBucks also offers publishers the YieldSense yield optimization platform, which automatically tests and optimizes ad content to deliver the highest return for publishers. The recently introduced AdXpose optimization technology is currently in private beta. AdXpose offers advertisers unprecedented levels of transparency into their online advertising campaigns across the entire Web, including ad networks and ad exchanges. Product features include the ability to monitor above-the-fold versus below-the-fold placement, measurement of total in-view time for ad impressions, engagement heat mapping, domain-level reporting as to where the creative appeared (even in the context of "blind" network and exchange buys) and brand compliance reporting.

Target Market Online advertisers, agencies, publishers.

Customers: N/A

Investors: Ignition Partners, Draper Fisher Jurvetson

Financing History:
US$ in millions

Date	Amount Raised	Investors
6/08	$10M	DFJ, Ignition
2/07	$9.8M	Ignition

Total Capital Raised: $19.8M

NetShelter Technology Media

Name:	NetShelter Technology Media
Location:	Thornhill, Ontario
CEO:	Peyman Nilforoush
Year Founded:	1999
Website:	www.netshelter.net
Industry Segment:	Vertical Ad Network
Description:	NetShelter Technology Media is a vertical ad network focused on the information technology and consumer electronics verticals, representing more than 150 online publishers. The company recently passed CNET to become the leading tech property online, according to comScore. NetShelter reaches more than 17 million U.S. unique users and more than 50 million global unique users monthly, per comScore.
Products / Solutions:	NetShelter offers advertisers and agencies targeted display advertising and automated optimization across a number of technology sub-verticals, including IS/IT decision makers, consumer electronics, mobile technology, developers, and gaming.
Target Markets:	Technology, Consumer Electronics.
Customers:	Advertiser clients include Sony, Dell, Microsoft, HP, Sprint, AT&T, Toshiba, Intel, and Apple, among others.
Investors:	Rho Canada, GrowthWorks Canadian Fund, JLA Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	12/08	$11.1M	Rho, GrowthWorks, JLA

Total Capital Raised: $12.6M

Offerpal MEDIA

Name:	Offerpal Media
Location:	Fremont, CA
CEO:	Anu Shukla
Year Founded:	2007
Website:	www.offerpalmedia.com

Industry Segment: Social Ad Network

Description: Offerpal Media is a managed offer platform for social media, including social applications, online communities, and e-commerce sites. The platform is based on an engagement-marketing model in which users earn virtual currency by participating in advertising offers. Users redeem virtual currency within social applications and social media sites.

Products / Solutions: Advertising products include a variety of unique and custom ad formats that allow advertisers to build campaigns that are integrated into the application environment. Ad units include the managed offer I-Frame, custom banners, registration path offers, prestitial offers, and the shopping offers I-Frame for online merchants.

Target Markets: Online marketers and game and application developers.

Customers: N/A

Investors: InterWest Partners, North Bridge Venture Partners, D.E. Shaw Group

Financing History:
US$ in millions

Date	Amount Raised	Investors
2/09	$15M	D.E. Shaw, et al
6/07	$4.6M	InterWest, North Bridge

Total Capital Raised: $19.6M

OpenX
take control of your advertising

Name:	OpenX
Location:	Pasadena, CA
CEO:	Tim Cadogan
Year Founded:	2006
Website:	www.openx.org

Industry Segment: Ad Server, Ad Exchange

Description: OpenX is the developer of a free, open-source ad server. Originally founded as a division of Unanimis, a leading UK digital advertising business, the company incorporated as a standalone business in 2007. Since then, the company has focused on providing a hosted version of its software, rolling out support options for clients, and introducing an advertising marketplace for OpenX ad serving customers.

Products / Solutions: OpenX is an open-source ad server used to manage advertising on over 150,000 Web sites in more than 100 countries. As of December 2008, more than 300 billion monthly impressions are served by OpenX ad server installations, and the company's OpenX Hosted product serves more than one billion monthly ad impressions. The company offers participating publishers access to its yield optimization service as well as to the OpenX Market, an online ad exchange offering buyers real-time access to publisher inventory.

Target Markets: The company has historically performed well among mid-tier publishers and international publishers.

Customers: N/A

Investors: Accel Partners, Index Ventures, First Round Capital, Mangrove Capital Partners, O'Reilly AlphaTech Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
1/08	$15.5M	Accel, existing investors
6/07	$5M	Index, First Round, Mangrove, O'Reilly AlphaTech

Total Capital Raised: $21M

placecast

Name:	1020 / Placecast Media
Location:	San Francisco, CA and New York, NY
CEO:	Alistair Goodman
Year Founded:	2005
Website:	www.1020.com
Industry Segment:	Ad Network
Description:	Placecast is an online advertising network that enables advertisers and publishers to reach highly-targeted audiences with unique, dynamic advertising units.
Products / Solutions:	Placecast is a premium online advertising network that utilizes proprietary, precise location-based targeting to deliver highly personalized advertising creative to consumers, driving superior campaign results for advertisers.
Target Markets:	Online marketers with local campaign targeting requirements.
Customers:	N/A
Investors:	Voyager Capital, ONSET Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

pointroll

Name:	PointRoll
Location:	Conshohocken, PA
CEO:	Jason Tafler
Year Founded:	2000
Website:	www.pointroll.com

Industry Segment: Rich Media Ad Server

Description: PointRoll, a wholly owned subsidiary of Gannett, is the leading rich media ad serving technology, powering more than 50% of all rich media campaigns online.

Products / Solutions: PointRoll offers advertisers tools for in-house creation of rich media ad creative (AdPortal), outsourced creative services, outsourced ad trafficking, and customized analytics via its AdTracker Interface. The company offers online publishers the PointRoll Included program, which allows publishers to offer rich media to advertisers at no additional cost when threshold CPM and volume levels are met; publishers cover the rich media fees as a competitive differentiator. Recently, the company has introduced dynamic ad serving capabilities (AdControl) and technology to empower e-commerce sales inside PointRoll ad units.

Target Markets: Leading online advertisers and publishers.

Customers: The company works with more than 1,800 advertisers per year and more than 30 major publishers and ad networks in the PointRoll Included program.

Investors: N/A

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

Other: PointRoll was acquired by Gannett in 2005.

PubMatic
Make every impression count

Name:	Pubmatic
Location:	Palo Alto, CA
CEO:	Rajeev Goel
Year Founded:	2006
Website:	www.pubmatic.com

Industry Segment: Yield Optimization

Description: Pubmatic offers publishers yield optimization solutions focused on maximizing revenue while simultaneously reducing complexity; the company's technology platform also offers ad networks the ability to more efficiently sign up new publishers.

Products / Solutions: Pubmatic offers publishers the ability to optimize ad network revenue through dynamic prioritization of ad network demand. The company recently introduced Pubmatic Premier, an ad solution for large media companies. Pubmatic Premier offers real-time revenue optimization, advanced ad quality control, access to hundreds of global advertising networks, custom consolidated reporting, and open APIs that allow ad networks to bid on publisher ad inventory in real time. The company's AdFlex solution allows online advertising networks to use Pubmatic as a flexible inventory partner, providing access to highly targeted ad inventory.

Target Markets: Online publishers and ad networks.

Customers: The company provides ad revenue optimization services to more than 5,500 publishers and works with hundreds of online advertising networks.

Investors: Nexus India Capital, Draper Fisher Jurvetson, Helion Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
1/08	$7M	Nexus India, DFJ, Helion
3/09	N/A	Nexus India, DFJ, Helion

Total Capital Raised: N/A

Q INTERACTIVE

Name:	Q Interactive
Location:	Chicago, IL
CEO:	Matthew Wise
Year Founded:	1995
Website:	www.qinteractive.com

Industry Segment: Lead Generation, Email Marketing, Behavioral Targeting

Description: Q Interactive is a diversified online marketing services company offering advertisers lead generation, email marketing, and behavioral ad targeting solutions. The company offers publishers registration path, email marketing, and display monetization solutions. The company was previously owned by Landmark Communications but was purchased by Intrepid Investments, a merchant bank, in 2008.

Products / Solutions: The company offers advertisers solutions in the areas of lead generation, email marketing, and display advertising. The company's TrueLeads product is a double opt-in lead generation product that offers advertisers high volumes of qualified leads as well as corresponding analytics and targeting. The company's email marketing services utilize predictive analytics to target offers to its network of more than 35 million valid email addresses; the company's proprietary TrueConversion Engine drives 10-20% typical response rates for highly targeted email. The company also offers display advertising utilizing predictive behavioral targeting based on the company's database of proprietary consumer data across a network of publisher sites reaching more than 52 million unique users monthly.

Target Markets: The company is diversified across consumer verticals including CPG, pharmaceuticals, retail, education, media, travel, and finance.

Customers: The company provides online marketing services to more than 1,000 leading brands, including more than half of the AdAge 100.

Investors: N/A

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

quantcast

Name:	Quantcast
Location:	San Francisco, CA
CEO:	Konrad Feldman
Year Founded:	2006
Website:	www.quantcast.com

Industry Segment: Audience Measurement, Media Planning

Description: Quantcast is a next-generation audience measurement service that is focused on helping buyers and sellers quantify the real-time characteristics of digital media consumers. The company's technology is based on inference modeling, which combines directly-measured traffic data from participating publishers with a variety of sample-based audience reference points, resulting in the ability to deliver audience-based profiles for media assets with very small audiences.

Products / Solutions: The company currently offers the Quantified Publisher Program and Quantcast Media Planner. The Quantified Publisher Program tags publisher sites for direct measurement, providing publishers with the ability to measure and demonstrate audience size and characteristics. The Quantcast Media Planner ranks millions of Web properties based on their ability to deliver relevant target audiences. The Quantified Publisher Program and Quantcast Media Planner are both offered free of charge. The company also plans to introduce audience segmentation services for online publishers.

Target Markets: Online marketers and publishers.

Customers: The Quantified Publisher program has gained adoption by many leading media companies, including Hulu, ABC-Television Group, NBC, CBS, MTV Networks, Hachette-Filipacchi, Fox Entertainment, Meredith, and many others.

Investors: Founders Fund, Polaris Venture Partners, Revolution Capital

Financing History:
US$ in millions

Date	Amount Raised	Investors
3/07	$5.7M	Founders, Revolution
1/08	$20M	Founders, Polaris

Total Capital Raised: $26M

QuinStreet

Name:	QuinStreet
Location:	Foster City, CA
CEO:	Doug Valenti
Year Founded:	1999
Website:	www.quinstreet.com

Industry Segment: Lead Generation

Description: QuinStreet is a leading provider of lead generation services. The company was founded in 1999, completed its most recent funding round in May 2000, and has been profitable since 2002. The company reportedly reached $250 million in revenue in 2008.

Products / Solutions: The company describes itself as the leader in online, performance-based vertical marketing. The company provides lead generation services utilizing a variety of media, including SEM, destination sites, opt-in email and newsletters, and high-traffic media property partnerships.

Target Markets: Although QuinStreet is increasingly diversified, the company's largest vertical appears to be for-profit education.

Customers: N/A

Investors: St. Paul Ventures, Sutter Hill Ventures, J&W Seligman, Catterton Partners, Rosewood Venture Group, Venture Strategy Partners

Financing History:	Date	Amount Raised	Investors
US$ in millions	5/00	$40M	St. Paul, Sutter Hill, et al

Total Capital Raised: N/A

Name:	ReachLocal
Location:	Woodland Hills, CA
CEO:	Zorik Gordon
Year Founded:	2005
Website:	www.reachlocal.com

Industry Segment: Local Online Advertising, Ad Exchange

Description: ReachLocal is a diversified local online advertising company which offers local marketers the ability to reach local customers via search and display advertising online. The company's advertising products reach more than 95% of the U.S. online population and have generated more than 25 million client referrals on behalf of local advertiser clients.

Products / Solutions: ReachLocal offers four primary products: ReachSearch, ReachDisplay, TotalTrack, and ReachLocal Xchange. ReachSearch is a local search advertising platform that manages and tracks search marketing programs on behalf of local marketers. Platform features include reverse proxy (to track consumer contacts and conversions without the need to tag marketers' Web sites), conversion-based optimization of search campaigns, and unique call recording functionality that allows marketers to listen to the full audio of calls generated by ReachLocal campaigns. ReachDisplay is a display advertising platform that targets and optimizes online display advertising across the Web on behalf of local marketers—platform features include contextual, geographic, and demographic targeting, as well as remarketing. TotalTrack provides call-tracking functionality for local marketers, allowing marketers to track the performance of offline media (e.g., billboards and radio spots) through the use of trackable phone numbers and URLs. ReachLocal Xchange, the company's newest product initiative, is an advertising exchange that allows online publishers and service providers to tap into local advertising budgets; launch publishers included the Fox Audience Network and Ask Sponsored Listings.

Target Markets: Small and medium-sized local marketers, as well as national businesses with local franchises, locations, etc.

Customers: N/A

Investors: VantagePoint Venture Partners, Rho Ventures, Galleon Special Opportunities Partners Fund

Financing History:
US$ in millions

Date	Amount Raised	Investors
10/07	$55.2M	Galleon, VantagePoint, Rho
4/05	$7.8M	VantagePoint
6/04	$2M	VantagePoint

Total Capital Raised: ~$65M

ROCKET FUEL INC

Name: Rocket Fuel

Location: Redwood Shores, CA

CEO: George John

Year Founded: 2008

Website: www.rocketfuelinc.com

Industry Segment: Premium Ad Network

Description: Rocket Fuel is an ad network focused on serving the needs of large brand marketers. Rocket Fuel doesn't force advertisers into pre-determined generic audiences. Instead, the company's automated technology identifies the top-performing audience segments for each individual campaign and directs impressions to boost campaign performance in near real time. The Silicon Valley-based company was founded in 2008 by veterans from Yahoo!, DoubleClick, NetGravity, E.Piphany, and salesforce.com.

Products / Solutions: The company's core technology processes very large amounts of data to predict the likelihood of responses from individual users and create custom audiences segments designed for the needs of each marketer. The company's services offer advertisers extreme transparency and real-time client feedback, including detailed campaign results and user insights. Through its relationships with premium publishers and ad exchanges, RocketFuel has access to 170 million unique users worldwide. The company offers a number of formats including traditional display, rich media, and in page video with behavioral, geographic, demographic, contextual targeting.

Target Market: Premium brand and direct response marketers.

Customers: Network publishers include Yahoo!, MSN, CBS, CNET, Realtor.com, Pricegrabber.com, Monster.com, and NBCSports.com, to name a few. Exchange and yield management partners include DoubleClick, Pubmatic, Rubicon, and OpenX.

Financing History:

Date	Amount Raised	Investors
N/A	N/A	MDV, Labrador Ventures, MF Capital

Total Capital Raised: N/A

RockYou

Name: RockYou

Location: Foster City, CA

CEO: Lance Tokuda

Year Founded: 2006

Website: www.rockyou.com

Industry Segment: Widget Development and Distribution, Widget Ad Network

Description: RockYou is a leading creator and distributor of widgets and applications on online social networks. The company offers customized branding and advertising opportunities on Facebook and other leading social networks.

Products / Solutions: RockYou offers advertising products including display advertising targeted by demographic or affinity, application promotion priced on a performance basis, rich media advertising, and brand integration into RockYou or partner applications. The RockYou Ads network offers advertisers 12 billion monthly advertising impressions.

Target Markets: Brand marketers and widget/application developers.

Customers: N/A

Investors: Sequoia Capital, Lightspeed Venture Partners, Partech International, DCM, Softbank, SK Telecom Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
11/08	$17M	Softbank, SK Telecom
6/08	$35M	DCM, et al
3/07	N/A	Partech, et al
1/07	$1.5M	Sequoia, Lightspeed

Total Capital Raised: N/A

Name:	Rubicon Project
Location:	Los Angeles, CA
CEO:	Frank Addante
Year Founded:	2007
Website:	www.rubiconproject.com

Industry Segment: Yield Optimization

Description: Rubicon Project launched in 2007, pioneering the category of ad network optimization. The company optimizes more than 40 billion ads per month across more than 400 online advertising networks with access to over 500 million unique users globally.

Products / Solutions: The company's SmartMatch technology deciphers publishers' online advertising inventory based on demography, geography, content, and other factors, and then matches each ad impression with the advertising network most likely to serve a revenue-optimizing campaign. The company reports that its technology drives revenue lift ranging from 30% to 300% for publisher customers. For ad networks, the company offers the Rubicon Certified Inventory program, which provides independent verification of Rubicon's network of publishers to ensure safety and accuracy for ad networks and their clients. The program identifies and categorizes each ad impression based on demography, geography, behavior, etc.

Target Markets: Online publishers and ad networks.

Customers: N/A

Investors: Clearstone Venture Partners, Mayfield Fund, IDG Ventures Asia, Stanford University, UC Berkeley

Financing History:
US$ in millions

Date	Amount Raised	Investors
4/09	$13M	Silicon Valley Bank, et al
1/08	$15M	Mayfield, et al
10/07	$6M	Clearstone

Total Capital Raised: ~$34M

ScanScout

Name:	ScanScout
Location:	Boston, MA
CEO:	Bill Day
Year Founded:	2005
Website:	www.scanscout.com

Industry Segment: Video Ad Network

Description: ScanScout is a leading in-stream video advertising network. The company has served more than 1.8 billion ad impressions and reaches tens of millions of unique visitors in more than 200 million video streams on a monthly basis.

Products / Solutions: ScanScout sells in-stream video advertising products to advertisers and traditional online advertising networks across a variety of high-quality publisher sites. Ad formats include video-in-video and overlays (including animated overlays). The company differentiates itself with its ad targeting capabilities, including its ScanScout Engagement Engine (SE2), which combines behavioral and contextual targeting capabilities. Through the use of SE2, ScanScout has driven 30-100% improvement in engagement and click-through rates on behalf of advertiser clients.

Target Markets: Online video publishers and brand marketers.

Customers: Publishers include Broadband Enterprises, Veoh, and Clip Syndicate, among others. Advertisers include a number of leading brands such as Pepsi, McDonald's, Coca-Cola, and Bank of America, among others.

Investors: General Catalyst Partners, Time Warner, First Round Capital, Baseline Ventures, Ron Conway

Financing History:	Date	Amount Raised	Investors
US$ in millions	5/07	$7M	General Catalyst, et al

Total Capital Raised: N/A

ShortTail

Name:	ShortTail Media
Location:	Atlanta, GA
CEO:	David Payne
Year Founded:	2008
Website:	www.shorttailmedia.com

Industry Segment: Ad Network

Description: ShortTail is an alliance of leading Web sites. The company's product offering is aimed at simplifying the process of buying media on high-quality publisher sites, providing upfront transparency and high-quality ad placements.

Products / Solutions: ShortTail offers transparent access to elite publisher ad inventory, offering only high-quality placements (e.g., above the fold) and content adjacency (no email or user-generated content). Advertising buys consist of a five-site minimum, with no more than 20% of the media buy allocated to one site. The network offers advertisers unduplicated unique user reach of 72 million per month across 14 consumer-focused audience segments. Targeting options include geotargeting, dayparting, user retargeting, category targeting, and site targeting (with the aforementioned five-site minimum). The network offers publisher protections as well, offering advertising from leading brands and preventing sales channel conflict through publisher-set minimum rates and dynamically-set block lists. Publishers are guaranteed industry-leading revenue share of 70% of net revenue.

Target Markets: Leading online publishers and brand marketers.

Customers: Publishers include US Magazine, MSNBC, Time, USA Today, Politico, Reuters, and Salon.com, among many others.

Investors: General Catalyst Partners

Financing History: *US$ in millions*	Date	Amount Raised	Investors
	N/A	N/A	N/A

Total Capital Raised: N/A

specificmedia

Name: Specific Media
Location: Irvine, CA
CEO: Tim Vanderhook
Year Founded: 1999
Website: www.specificmedia.com

Industry Segment: Ad Network

Description: Specific Media is a global technology and online media company that enables advertisers to target audiences through advanced proprietary demographic, behavioral, contextual, and retargeting technologies across a network of name-brand publishers. In November 2007, the company raised $100 million in funding from private equity firm Francisco Partners. In March 2008, the company acquired European ad network AdViva.

Products / Solutions: The company offers a "premium" network and a "performance" network. The company's premium network represents the largest independent online advertising network by unique user reach, reaching more than 150 million U.S. unique users and 225 million global unique users monthly. Targeting technology includes demographic, behavioral, contextual, geotargeting, and user retargeting. The company's well-regarded behavioral and demographic targeting capabilities are powered by a data network comprising 365 million consumers, 2 million Web sites, 85 million Web pages, and 500 million search terms. The company has also developed audience intelligence capabilities built on top of comScore's user panel data. The company's performance network, composed of an extensive affiliate network, proprietary Web portals, and registration paths, delivers more than one million customers and leads on a monthly basis.

Target Markets: Online marketers and publishers.

Customers: The company's client roster includes 300 of the Fortune 500.

Investors: Francisco Partners, Enterprise Partners, Shepherd Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
11/07	$100M	Francisco Partners
6/06	$10M	Enterprise, et al

Total Capital Raised: N/A

socialmedia.com

Name:	SocialMedia
Location:	Irvine, CA
CEO:	Seth Goldstein
Year Founded:	2007
Website:	www.socialmedia.com
Industry Segment:	Social Media, Ad Network
Description:	SocialMedia.com is a leading social media advertising company, delivering ads to over 40 million people each month, within 5,000+ applications running on Facebook, Bebo, Hi5, Myspace, and sites across the Web. The company has created the SocialMedia.com Advertising platform, enabling advertisers to buy positive "word of mouth" about their products and brands.
Products / Solutions:	Social Media specializes in word-of-mouth advertising, leveraging consumer brand advocacy within social media contexts to deliver positive brand messages on behalf of marketers. Marketers pay when positive word of mouth is delivered.
Target Markets:	Brand marketers and widget/application developers.
Customers:	N/A
Investors:	Charles River Ventures, IDG Ventures, Jeff Clavier, Marc Andreessen

Financing History:
US$ in millions

Date	Amount Raised	Investors
9/07	$0.5M	Charles River, et al
10/07	$3.5M	Charles River, et al
1/09	$6M	IDG Ventures, et al

Total Capital Raised: $10M

Tatto Media

Name:	Tatto Media
Location:	Boston, MA
CEO:	Lin Miao
Year Founded:	2005
Website:	www.tattomedia.com
Industry Segment:	Behavioral ad network
Description:	Founded in 2005, Tatto Media is a rapidly growing online display advertising network that reaches more than 50 million U.S. and 210 million worldwide unique visitors per month.
Products / Solutions:	The Tatto Media ad network combines self-service efficiency with data-driven (vs. prediction-driven) behavioral insight and smart banner optimization technology.
Target Market:	Online publishers and direct response advertisers.
Customers:	Publisher clients include MSN, eHarmony, AOL, Facebook, About.com, and The Wall Street Journal, among others.

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

TradeDoubler
Market like you mean it

Name:	TradeDoubler
Location:	Stockholm, Sweden
CEO:	Örjan Frid
Year Founded:	1999
Website:	www.tradedoubler.com
Industry Segment:	Affiliate Marketing, Behavioral Targeting, SEM
Description:	Although best known as a leading European affiliate marketing program manager, TradeDoubler offers diversified online marketing services including international, cross-media campaign management (including affiliate marketing, brand- and performance-oriented display, and SEM), with emphasis on the European and Japanese media markets. The company's marketing programs offer access to 76% of the European online audience, representing more than 1,700 advertisers across more than 128,000 active publishers. In 2007, AOL offered to buy the company for $900 million, although the offer was later rejected by shareholders. The company's shares trade on the Stockholm Stock Exchange.
Products / Solutions:	The company offers a diversified online marketing solution set, including affiliate marketing, display advertising, and SEM technology and services. The company serves more than 32 billion monthly ad impressions, reaching more than 379 million unique visitors and generating more than 10 million leads per month. In 2008, the company added behavioral targeting capabilities through a partnership with and strategic investment in Adaptlogic.
Target Markets:	Leading international marketers and affiliate publishers.
Customers:	Advertiser clients include Hilton, Apple, HP, Hertz, Avis, KLM, Expedia, British Airways, McAfee, Jamba, Dell, British Telecom, Nike, and many others.

Name:	Traffic Marketplace
Location:	Los Angeles, CA
President:	Jim Waltz
Year Founded:	2000
Website:	www.trafficmarketplace.com

Industry Segment: Advertising Network

Description: Traffic Marketplace is one of the largest independent online advertising networks, reaching more than 140 million unique users and serving more than 30 billion ad impressions per month, and delivering more than 20 million leads and customers each year through display advertising, lead generation, and other online marketing programs. A division of Connexus, the company was acquired from Vivendi Universal in 2003.

Products / Solutions: Traffic Marketplace offers a variety of advertising products and marketing services, including targeted display advertising, email marketing, lead generation (from microsites, managed forms, and co-registration), SEM, and custom marketing programs. The company's esp targeting platform combines anonymous interest, behavior, demographic, and psychographic information from over 600,000 proprietary Web sites, publishers, and market research providers. In March 2009, the company acquired fbExchange, a leading social media link exchange and advertising network.

Target Markets: Online marketers and publishers.

Customers: Advertiser clients include major agencies such as Starcom Worldwide and a variety of brand- and performance-oriented marketers. Publishers in the Traffic Marketplace network include Accuweather.com, The Huffington Post, Datran Media, and Ubid.com, among many others.

Investors: N/A

Financing History:	Date	Amount Raised	Investors
US$ in millions	N/A	N/A	N/A

Total Capital Raised: N/A

TRAFFIQ
THE PREMIUM ADVERTISING MARKETPLACE

Name:	Traffiq
Location:	New York, NY
CEO:	Mark Kahn
Year Founded:	2006
Website:	www.traffiq.com
Industry Segment:	Premium Ad Exchange
Description:	Traffiq is a premium display advertising marketplace that directly connects buyers and sellers of online media through a comprehensive media management platform. The company's technology provides transparent, searchable inventory and buyer and seller control of price points and deal terms. The company's marketplace offers more than 100 billion daily ad impressions for sale from more than 1,500 brand-name and quality niche publishers, to more than 400 leading agencies and advertisers.
Products / Solutions:	Traffiq offers advertisers and publishers a self-service platform for online media purchasing/sales. Advertiser benefits include improved efficiency, derived from automated RFP distribution and automated site matching, as well as page level targeting, real-time campaign reporting, and complete ad placement transparency. Publisher benefits include the ability to establish virtual storefronts and segment, bundle, and list ad inventory according to various attributes.
Target Markets:	Online advertisers and publishers.
Customers:	Publishers include Lexico, Glam, Meredith Corporation, Local.com, Lycos, New York Post, Newsday, among many others.
Investors:	Court Square Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	9/06	$7M	Court Square

Total Capital Raised: N/A

TRAVEL AD NETWORK

Name: Travel Ad Network
Location: New York, NY
CEO: Cree Lawson
Year Founded: 2003
Website: http://www.traveladnetwork.com/

Industry Segment: Vertical Ad Network, Site Representation Firm

Description: Travel Ad Network (TAN) is an online sales representation firm operating as the exclusive sales force for more than 200 leading online travel publishers, including Rand McNally, BBC's Lonely Planet, and Maps.com. TAN represents the largest travel information audience online, reaching more than 19 million monthly unique visitors, per comScore data.

Products / Solutions: TAN offers display advertising (including rich media formats), text-link advertising (including self-service programs powered by Quigo's AdSonar), email advertising, and custom ad programs (including airline, hotel, and car rental channels). Display ad targeting options include site targeting, behavioral targeting, geotargeting, contextual and keyword targeting, daypart, etc. Advertiser benefits include efficiency, conversion improvement from running across multiple sites, affluent consumer demographic, individual site reporting and optimization, and post-buy analysis.

Target Markets: Leading national advertisers, particularly in the travel and lifestyle categories, and travel-oriented online publishers.

Customers: Advertisers include JetBlue, American Express, Visa, Wynn Las Vegas, Hertz, Citi, and Apple, among others. Publishers include Lonely Planet, Rand McNally, and Rough Guides, among others.

Investors: Rho Ventures, Village Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	4/08	$15M	Rho, Village, et al

Total Capital Raised: N/A

tremor media

Name:	Tremor Media
Location:	New York, NY
CEO:	Jason Glickman
Year Founded:	2004
Website:	http://www.tremormedia.com/

Industry Segment: Video Ad Network

Description: Tremor Media is an online video and rich media advertising network that provides advertisers with both in-banner and in-stream video advertising opportunities. Tremor has partnerships with over 1,400 publisher sites, reaching more than 135 million unique visitors per month.

Products / Solutions: Tremor's video advertising network offers advertisers media placement across more than 1,400 top-tier and mid-tail publishers; advertiser benefits include free rich media ad serving, free creative services, flexible pricing models (cost per click, cost per complete, click to continue), a variety of targeting capabilities (daypart, geotargeting, demographic, psychographic, behavioral, contextual, etc.), and advanced research, reporting, and optimization capabilities. The company's Acudeo Video Monetization Platform is a comprehensive video ad management platform that enables publishers to schedule and deliver in-stream video and overlay ads from multiple sources.

Target Markets: Online marketers and publishers.

Customers: N/A

Investors: Canaan Partners, Masthead Venture Partners, European Founders Fund, Meritech Capital Partners

Financing History:
US$ in millions

Date	Amount Raised	Investors
2/09	$18M	Meritech, et al
6/08	N/A	European Founders Fund
1/08	$11M	Canaan, Masthead
9/06	$8.4M	Canaan, Masthead

Total Capital Raised: N/A

TUMRI

Name: Tumri
Location: Mountain View, CA
CEO: Calvin Lui
Year Founded: 2004
Website: www.tumri.com

Industry Segment: Ad Technology

Description: Tumri is an online advertising technology company that allows advertisers to assemble, target, and optimize display advertising creative on a dynamic basis. The Tumri platform deconstructs advertising creative into core sub-components (e.g., brand logo, background image, call to action, etc.), then either varies the subcomponents dynamically via targeting parameters or optimizes the subcomponents based on performance metrics. Benefits include reduced creative cost and shorter timelines, as well as consumer insight derived from Tumri's proprietary creative optimization and reporting.

Products / Solutions: The Tumri AdPod solution leverages existing creative assets and data to dynamically assemble targeted online advertising messages, creating hundreds or thousands of variations in real time. The Tumri advertising platform assembles these variations based on advertiser data feeds (e.g., spreadsheets, SEM bulksheets, proprietary XML or RSS feeds, etc.) and targeting criteria, or via performance-based optimization.

Target Markets: Online advertisers and agencies.

Customers: N/A

Investors: Accel Partners, Lehman Brothers Venture Partners, Shasta Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
6/07	$10M	Lehman Brothers, et al
N/A	$6.5M	Accel, Shasta

Total Capital Raised: N/A

Name:	Turn
Location:	Redwood City, CA
CEO:	Jim Barnett
Year Founded:	2005
Website:	http://www.turn.com/

Industry Segment: Ad Network/Marketplace

Description: Turn operates the Turn Smart Market, a display advertising marketplace that combines predictive targeting, custom behavioral modeling, and goal-based pricing in a marketplace of inventory from leading publishers. Turn is now ranked by comScore among the top 10 ad networks, reaching more than 132 million U.S. unique users in January 2009.

Products / Solutions: Turn offers advertisers a “smart market” for display advertising that blends custom behavioral modeling with an array of contextual, audience, and advertiser data to predict the performance of potential ad impressions, and utilizes machine learning and dynamic pricing in a real-time auction environment to ensure that advertisers pay the “right price” for each impression. The Turn market only includes “verified” inventory and campaigns from high-quality publishers and marketers, meaning that network participation and syndication of inventory or campaigns from unverified sellers and buyers is not permitted. Additionally, the company’s technology checks placements (i.e., above the fold versus below the fold) in real time to determine placement quality and consumer exposure. In addition to operating its own proprietary “Smart Market,” the company also offers advertisers and agencies the option of utilizing Turn’s technology to target, price, and optimize inventory from other inventory sources, including leading ad exchanges.

Target Markets: Large “brand response” marketers and leading online publishers.

Customers: Advertiser participants in the Turn market include Comcast, T-Mobile, Discover Card, Experian, Blue Cross, Geico, and many others. Participating publishers include Fox Interactive Media, MarketWatch, Expedia, The Los Angeles Times, Boston.com, and many others.

Investors: Norwest Venture Partners, Shasta Ventures, Trident Capital, Focus Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
8/08	$15M	Norwest, Shasta, Trident
3/08	$15M	Norwest, Shasta, Trident
11/06	$8.5M	Focus, et al

Total Capital Raised: N/A

Name:	24/7 Real Media
Location:	New York, NY
CEO:	David Moore
Year Founded:	1997
Website:	www.247realmedia.com
Industry Segment:	Ad Server, Ad Network, SEO/SEM
Description:	24/7 Real Media is a diversified online marketing services company whose operations include an online advertising network, publisher ad serving technology, and an SEO/SEM agency. The company was acquired by WPP in 2007 for $650 million.
Products / Solutions:	The company offers three key products: advertising management for online publishers (Open AdStream), the 24/7 Real Media Global Web Alliance ad network, and the Decide DNA SEO/SEM platform. Ad serving capabilities include ad trafficking, tracking, reporting and analytics, targeting, rich media ad serving, and contract management. The company's ad network, which reaches more than 150 million global unique users per month, offers advertisers an array of targeting options, including behavioral, demographic, technolographic (browser, bandwidth, etc.), retargeting, geographic/demographic, daypart, content, and keyword, as well as custom targeting options.
Target Markets:	Online advertisers and publishers.
Customers:	N/A

UNDERTONE NETWORKS™

Name:	Undertone Networks
Location:	New York, NY
CEO:	Michael Cassidy
Year Founded:	2002
Website:	www.undertone.com

Industry Segment: Ad Network

Description: Undertone Networks operates a brand-oriented online advertising network focused on aggregating inventory from top-tier Web publishers. The company offers a full range of advertising solutions and advanced targeting capabilities that allow advertisers to efficiently achieve campaign objectives while maintaining brand protections.

Products / Solutions: Undertone offers an array of advertising and marketing services products including targeted display advertising (including multiple "synched" above-the-fold impressions on a single page, full-page takeovers, etc.), video advertising, and SEO/SEM services. Ad targeting options include content, geotargeting, behavioral targeting, and remarketing (including site retargeting and impression retargeting). The company procures inventory from online publishers on a forward basis, which improves supply predictability and the company's ability to execute against inventory commitments to advertiser clients. Although Undertone provides advertiser clients with limited transparency in order to alleviate sales channel conflict concerns for partner publishers, the company pledges to purchase inventory only from top-tier publishers and never from online advertising exchanges or online ad networks. The company stands behind this commitment with an offer to refund advertiser campaign costs up to $50,000 if an advertisement placed by Undertone is served into non-Undertone Qualified Publisher inventory.

Target Markets: Large brand advertisers and leading online publishers.

Customers: Sample advertiser clients include Wells Fargo, Air New Zealand, News Corporation, and RadioShack, among others. Sample media partners include A&E, ESPN.com, ABCNews.com, USA Today, and Discovery Channel, among others.

Investors: JMI Equity

Financing History: *US$ in millions*	Date	Amount Raised	Investors
	9/06	$40M+	JMI Equity

Total Capital Raised: N/A

Name:	ValueClick
Location:	Westlake Village, CA
CEO:	Tom Vadnais
Year Founded:	1998
Website:	www.valueclick.com
Industry Segment:	Diversified provider of online marketing services: display ad network, lead generation, affiliate marketing, ad serving
Description:	ValueClick is a diversified provider of online marketing services. The company encompasses a display advertising and lead generation network (ValueClick Media), affiliate marketing network (Commission Junction), ad serving technology platform (Mediaplex), and a portfolio of comparison shopping properties (MeziMedia's Smarter.com and CouponMountain.com, and PriceRunner).
Products / Solutions:	ValueClick Media is a performance-oriented online display advertising network that reaches more than 148 million U.S. unique users on a monthly basis, serving more than 34 billion ad impressions across more than 13,500 publisher sites each month. The network offers advertisers targeting across 21 content channels, as well as custom channel options and single-site buys across a select group of publisher sites. Targeting options within the display network include demographic, geographic, daypart, as well as the company's Precision BT behavioral targeting suite. The Commission Junction affiliate network is the leading pay-for-performance affiliate network worldwide, with more than 1,500 customers. Mediaplex is a leading independent provider of ad serving technology for online advertisers and publishers.
Target Market:	Consumers, advertisers, and online publishers.

Selected M&A:

Date	Target	Notes
07/07	MeziMedia	Comparison shopping publisher; acquired for up to $352 million
12/06	Shopping.net	Comparison shopping publisher; acquired for $13 million
08/05	FastClick	Display advertising network; acquired for $214 million
06/05	Webclients	Lead generation network; acquired for $141 million
08/04	PriceRunner	Comparison shopping publisher; acquired for $29 million
10/03	Commission Junction	Affiliate marketing network; acquired for $58 million
03/02	Be Free	Affiliate marketing network; acquired for $128 million
10/01	Mediaplex	Ad serving technology

Name: Vibrant Media

Location: New York, NY

CEO: Doug Stevenson

Year Founded: 2000

Website: www.vibrantmedia.com

Industry Segment: In-Text Advertising Network

Description: Vibrant Media is a leading rich media advertising network. The company's in-text advertising allows marketers to deliver targeted, user-initiated online advertisements within the text of relevant online content. The company also uses context to target more traditional rich media formats. The network reaches more than 120 million worldwide unique users per month, according to comScore, across more than 3,500 high-quality publisher sites.

Products / Solutions: Vibrant offers two primary advertising products: Vibrant In-Text Ads and Vibrant InterestAD. In-Text Ads are user-initiated text, display, and rich media ad units; the ads are engaged when users mouse over highlighted keywords within site content. Among other options, including a variety of ad formats, Vibrant allows advertisers to "own" certain keywords across the Internet. In-Text Ads leverage Vibrant's IntelliTXT platform, which reads Web pages and double-underlines words and word-phrases dynamically and in real time. The IntelliTXT code is installed by publishers and does not require any additional code, adware, or spyware to be downloaded by users. InterestADs are more-traditional rich media placements targeted via site content, leveraging the company's contextual targeting technology.

Target Markets: Brand marketers, publishers.

Customers: Advertiser customers include Microsoft, Apple, Sony, Johnson & Johnson, Nike, BP, and Warner Brothers. Publishers include IDG, News Corp, Hearst, NBC, and many others.

Investors: ABS Ventures, Fortis

Financing History:
US$ in millions

Date	Amount Raised	Investors
11/05	$25M	ABS Ventures
7/00	$2M	Fortis

Total Capital Raised: ~$27M

videoegg

Name:	VideoEgg
Location:	San Francisco, CA
CEO:	Matt Sanchez
Year Founded:	2005
Website:	www.videoegg.com

Industry Segment: Rich Media Ad Network

Description: VideoEgg is a rich media advertising network that is focused on delivering brand engagement for leading brand marketers. The VideoEgg ad network reaches more than 100 million unique users monthly across more than 400 publisher Web sites, blogs, and applications in the social media and casual gaming space, and serves more than one billion impressions per month. The company specializes in unique, targeted rich media executions priced on a per-engagement basis.

Products / Solutions: VideoEgg is an online advertising network focused on consumer brand engagement. The company specializes in targeted rich media executions priced on a per-engagement (e.g., click, mouse roll-over) basis. The company's proprietary AdFrames ad unit is an expanding banner that delivers highly interactive content, leveraging a combination of a marketer's data and insight and VideoEgg's creative and targeting expertise. Targeting options on the network include demographic and psychographic channels as well as device-based targeting (e.g., iPhone).

Target Market: Brand marketers and social media/gaming publishers.

Customers: Advertiser clients include FritoLay, Warner Brothers, Unilever, Fox, and Mercedes Benz, among others. Network publishers include Facebook, Bebo, Metacafe, Meebo, and iMeem.

Investors: August Capital, First Round Capital, Focus Ventures, Maveron, WPP, Rose Tech Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
9/07	$15M	August, First Round, Focus, Maveron, WPP
4/07	$3M	WPP
9/06	$12M	August, First Round, Maveron
1/06	$3.5M	August, First Round, Rose Tech
4/05	$0.4M	First Round, Rose Tech

Total Capital Raised: ~$34M

vizu Advertise with Confidence™

Name:	Vizu
Location:	San Francisco, CA
CEO:	Dan Beltramo
Year Founded:	2005
Website:	www.vizu.com

Industry Segment: Analytics, Market Research

Description: Vizu is an advertising analytics firm with roots in online market research and polling. The company's solutions are used to determine how online advertising affects viewer perceptions of key brand attributes.

Products / Solutions: The company's Ad Catalyst product provides marketers with greater confidence in their online advertising activity, allowing marketers to create a measurement of the ROI of brand advertising. The company's polling methodology provides advertisers with tools to measure awareness, brand attributes, favorability, purchase intent, etc. in near-real time.

Target Markets: Brand marketers, online advertising networks, online publishers.

Customers: Customers include Hilton, Burger King, Kohl's, Lotame, and Collective Media, among others.

Investors: WR Hambrecht, Amicus Capital, Draper Fisher Jurvetson, Greycroft Partners

Financing History:
US$ in millions

Date	Amount Raised	Investors
1/07	$2.9M	DFJ, Greycroft, et al
2/06	$1M	WR Hambrecht, Amicus

Total Capital Raised: $3.9M

widgetbox

Name:	WidgetBox
Location:	San Francisco, CA
CEO:	Will Price
Year Founded:	2006
Website:	www.widgetbox.com

Industry Segment: Widget Distribution, Widget Ad Network

Description: WidgetBox is a leading platform for widget distribution and widget advertising, connecting widget developers, consumers, and advertisers. The WidgetBox network reaches more than 70 million unique users per month.

Products / Solutions: WidgetBox offers two key products: custom widget galleries that allow publishers to distribute widgets, and a widget advertising network. Custom widget galleries allow online publishers to offer their users a variety of widgets for installation, appealing particularly to social media and start-page publisHers. The WidgetBox advertising network allows widget developers to overlay relevant, customizable ad units atop their widgets. Options include targeted text, graphical, and rich media overlays.

Target Markets: Online publishers, widget developers, advertisers.

Customers: N/A

Investors: Hummer Winblad Venture Partners, Sequoia Capital, Northgate Capital

Financing History:
US$ in millions

Date	Amount Raised	Investors
1/08	$8M	Hummer Winblad, et al
6/07	$5M	Sequoia, et al
6/06	$1.5M	Hummer Winblad

Total Capital Raised: ~$14.5M

Name:	*X*+1
Location:	New York, NY
CEO:	John Nardone
Year Founded:	1999
Website:	www.xplusone.com

Industry Segment: Custom Ad Networks – Specialty Media Buying

Description: *X+1* builds dynamic custom ad networks by aggregating relevant pages and inventory across the Internet and micro-targeting each marketer's desired audience. *X+1*'s *Media+1* ad network is certified to operate on inventory totaling more than 50B+ impressions per month and on sites representing more than a 90% reach of the U.S. population.

Products / Solutions: *X+1* offers two products under its *Media+1* ad network brand, *Performance+1* and *Brand+1*. *Performance+1* offers direct response marketers custom ad networks that are tuned to boost online ad performance by screening and segmenting banner ad inventory into audience segments and allowing advertisers to purchase only those audiences that are most likely to convert. *Brand+1* targets brand advertisers and offers custom ad networks that enable brands to take advantage of the reach and cost efficiency of long tail Websites, while ensuring that ads are placed only on brand-safe content. This product also allows brands to leverage offline segmentation analyses in online media to target their desired audience before a single media dollar is spent.

Target Market: Brand advertisers, direct response marketers, and agencies.

Customers: N/A

Financing History:

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

Name:	Yahoo!
Location:	Sunnyvale, CA
CEO:	Carol Bartz
Year Founded:	1994
Website:	www.yahoo.com

Industry Segment: Diversified online media and marketing services: search, paid search, display and rich media advertising, display and contextual ad networks, ad serving, ad exchange

Description: Yahoo! is a diversified global online media and advertising company that offers paid search and display advertising across its portfolio of owned-and-operated media properties, including the Yahoo! home page, Yahoo! Mail, and various vertical (e.g., Finance, Auto, News) and social (360°, Answers) properties. The company also operates the Yahoo! APT ad serving technology and third-party monetization platform in addition to the Right Media Exchange, the Yahoo! Publisher Network, and the BlueLithium behavioral online display advertising network.

Products / Solutions: Yahoo! is a leading online consumer media destination, attracting more than 146 million U.S. unique visitors on a monthly basis. The company's owned-and-operated monetization includes display and rich media advertising across its portfolio of properties as well as paid search advertising on Yahoo! Search results pages. Display and rich media targeting options include geographic, demographic, and behavioral targeting, as well as Consumer Direct, a targeting and ad effectiveness measurement service that combines Nielsen Homescan purchase-based insights with Yahoo!'s behavioral targeting technologies. The company also offers two ad exchange platforms, APT from Yahoo! (an exchange for sales of both guaranteed and non-guaranteed online advertising inventory) and the Right Media Exchange, a non-premium spot advertising exchange and ad network management platform.

Target Market: Consumers, advertisers, and online publishers.

Selected M&A:

Date	Target	Notes
02/08	Maven Networks	Online video platform; acquired for ~$160 million
09/07	BlueLithium	Behavioral ad network; acquired for $300 million
04/07	Right Media	Online ad exchange; valued at $850 million (less at time of close due to decline in value of Yahoo! shares)
10/06	AdInterax	Rich media ad technology

YieldBuild

Name:	YieldBuild
Location:	San Francisco, CA
CEO:	Paul Edmondson
Year Founded:	2007
Website:	www.yieldbuild.com

Industry Segment: Yield Optimization

Description: YieldBuild, a part of HubPages, operates a publisher yield management technology that automatically optimizes publishers' ad inventory with the most profitable combination of ad layout, style, and network.

Products / Solutions: The company offers two sets of solutions. For small and medium-sized publishers, the company offers placement and format optimization for text advertising networks, such as Google AdSense. For larger publishers and those running multiple ad networks, the company offers ad network optimization.

Target Markets: Online publishers.

Customers: N/A

Investors: Hummer Winblad Venture Partners, Storm Ventures

Financing History:
US$ in millions

Date	Amount Raised	Investors
3/08	$6M	Hummer Winblad, Storm
8/07	$2M	Hummer Winblad

Total Capital Raised: $8M

Yieldex
VISIBILITY DELIVERED

Name:	Yieldex
Location:	New York, NY
CEO:	Tom Shields
Year Founded:	2007
Website:	www.yieldex.com
Industry Segment:	Ad Technology, Analytics
Description:	Yieldex was founded in 2007 to address the need of online publishers for accurate forecasting of online ad inventory and the ability to optimize campaign allocation.
Products / Solutions:	YieldEx offers two key solutions, Dynamic IQ and Business IQ. Dynamic IQ utilizes advanced inventory forecasting and delivery simulation algorithms to provide publishers with immediate visibility into inventory availability, campaign under-delivery, and revenue forecasts. The product accounts for all targeting combinations/permutations and incorporates seasonal and manual forecast models to delivery highly accurate capacity predictions for all sellable products and combinations thereof. Business IQ provides intuitive dashboard and other reports that allow publishers to manage their businesses more effectively throughout the advertising lifecycle, including pre-sales analysis, delivery and in-flight operations, and business planning.
Target Markets:	Online publishers with direct sales.
Customers:	Martha Stewart Living Omnimedia was the debut customer of Business IQ.
Investors:	Madrona Venture Group, Sequel Venture Partners, First Round Capital, Woodside Fund, Amazon

Financing History:	Date	Amount Raised	Investors
US$ in millions	2/09	$8.5M	Madrona, Amazon, et al
	10/07	N/A	First Round, et al

Total Capital Raised: N/A

YuMe

Name:	YuMe
Location:	Redwood City, CA
CEO:	Michael J. Mathieu
Year Founded:	2004
Website:	www.yumenetworks.com
Industry Segment:	Video Ad Network, Ad Technology
Description:	YuMe is a video advertising network and ad technology platform. The ad network reaches more than 35 million unique users monthly, serving more than 500 million video ad impressions across more than 400 publisher sites each month.
Products / Solutions:	The YuMe advertising network provides advertisers with targeted video advertising opportunities across more than 400 publisher Web sites. Targeting options include behavioral, remarketing, content channel targeting, and site targeting. Ad formats include pre-rolls, interactive overlays, and branded media players, among others. The company's ad serving platform is also capable of distributing advertising to any IP-based platform, including mobile and IPTV. For publishers, the company offers its ad management platform in addition to network monetization. Features of the ad platform include inventory forecasting, targeting capabilities, and the Adaptive Campaign Engine, which automatically matches each video ad impression to the highest-paying advertising campaign, sourced from the publisher, YuMe's ad sales team, third-party ad networks, and third-party syndication feeds.
Target Markets:	Brand marketers, online video publishers.
Customers:	Advertiser clients include Ford, BlackBerry, Sprint, Target, Kmart, Kellogg's, and Virgin America, among others.
Investors:	Khosla Ventures, Accel Partners, BV Capital, DAG Ventures

Financing History:	Date	Amount Raised	Investors
US$ in millions	10/07	$9M	Accel, Khosla, BV, DAG
	6/06	$6M	Accel, Khosla, BV

Total Capital Raised: $15M

ZEDO
Ad Solutions for The New Internet

Name:	Zedo
Location:	San Francisco, CA
CEO:	Roy de Souza
Year Founded:	1999
Website:	www.zedo.com

Industry Segment: Ad Server, Behavioral Ad Network

Description: Zedo provides ad serving technology to publishers, advertisers, and ad networks. The technology currently serves more than 25 billion ad impression per month for hundreds of publisher sites. In March 2008, the company launched the Zedo Retargeting Network.

Products / Solutions: Zedo is a leading ad serving company, serving more than 25 billion impressions across hundreds of publisher sites. Capabilities include ad trafficking, tracking (including view-through and click-through conversion, and behavioral activity tracking), standard display and rich media ad serving, targeting (by keyword, geography, daypart), optimization, inventory management, reporting, API integration, and ad network optimization. The company has also launched a behavioral retargeting ad network, offering advertisers superior ROI and publishers superior pay-outs.

Target Markets: Online publishers, advertisers, and ad networks.

Customers: N/A

Investors: Anthelion Capital II, Russian Hill Ventures, Wilson Sonsini Investments, Esther Dyson

Financing History: *US$ in millions*

Date	Amount Raised	Investors
N/A	N/A	N/A

Total Capital Raised: N/A

COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating	Price Target
Akamai Technologies, Inc.	NASDAQ	AKAM	$22.37	Buy	$25.00
Amazon.com, Inc.	NASDAQ	AMZN	$78.96	Buy	$105.00
Apple Inc.	NASDAQ	AAPL	$127.24	Buy	$150.00
Bankrate, Inc.	NASDAQ	RATE	$24.96	Buy	$30.00
Capella Education Company	NASDAQ	CPLA	$49.05	Buy	$69.00
comScore, Inc.	NASDAQ	SCOR	$11.66	Acc	$13.00
Google, Inc.	NASDAQ	GOOG	$393.69	SoF	$325.00
Intel Corporation	NASDAQ	INTC	$15.81	Acc	$18.00
Kohl's Corporation	NYSE	KSS	$42.56	Buy	$64.00
McAfee, Inc.	NYSE	MFE	$40.46	Buy	$47.00
Monster Worldwide, Inc.	NYSE	MWW	$14.16	Acc	$15.00
salesforce.com, Inc.	NYSE	CRM	$41.41	Buy	$39.00
Target Corporation	NYSE	TGT	$40.05	Buy	$50.00
TheStreet.com, Inc.	NASDAQ	TSCM	$2.04	Acc	$3.00
ValueClick, Inc.	NASDAQ	VCLK	$10.48	Acc	$9.00
VeriSign, Inc.	NASDAQ	VRSN	$21.29	Acc	$24.00
VistaPrint Ltd.	NASDAQ	VPRT	$37.26	Buy	$42.00
Wal-Mart Stores, Inc.	NYSE	WMT	$50.05	Buy	$70.00
WebMD Health Corp.	NASDAQ	WBMD	$25.43	Sell	$17.00
Yahoo!	NASDAQ	YHOO	$14.14	Acc	$16.00

Important Research Disclosures

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The ThinkEquity LLC rating system is based on a stock's expected total return over a 12-month investment horizon. Ratings on coverage are defined as follows:

Buy: Appreciation potential of 20% or more over the next 12 months. Analyst has a high level of conviction that the company's business fundamentals are intact and that the company will meet or exceed earnings projections. Valuation is considered reasonable considering the company's potential.

Accumulate: Appreciation potential greater than 0% and less than 20% over the next 12 months. Typically good companies, with

fundamentals and earnings visibility intact, but current valuation limits upside potential.

Source of Funds: Stock is expected to decline as much as 20% over the next 12 months, due to a single or combination of factors including excessive valuation, negative sector sentiment, and/ or reduced earnings expectations.

Sell: Stock expected to decline 20% or more over the next 12 months. Company fundamentals are deteriorating, leading to material downward revisions in earnings projections and valuation.

Distribution of Ratings, Firmwide

ThinkEquity LLC

			IB Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [B]	**105**	**55.30**	**16**	**15.24**
HOLD [Acc]	**62**	**32.60**	**4**	**6.45**
SELL [S/SoF]	**23**	**12.10**	**1**	**4.35**